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Total Utility and the Economic Judgment

Compared with their Ethical Counterparts

A DISSERTATION

PRESENTED TO THE FACULTY OF BRYN MAWR COLLEGE FOR THE DEGREE OF DOCTOR OF PHILOSOPHY

BY

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CHAPTER I.

Introduction.

The general object of this study is to set forth the organic connection between certain concepts appearing as integral parts of modern ethical and economic theory, and to indicate several points of similarity in the logical processes which they involve. The position of the person who draws analogies between two sciences, or two fields of human thought, or who asserts parallelisms and identities is one of peculiar difficulty. Not only are there separate fields to cover, and separate philosophical and critical points of view to consider, but the difficulties of terminology are great. The same words are often used in different subjects with a different connotation, or terms used in one science in a specialised sense, are often misleading or meaningless in another connection. This is especially true with respect to ethical and economic terminology, where such words as "value," "worth," "interest," and many others receive in each science a specialised and technical meaning.

Nevertheless, it is necessary at all periods of speculative thinking to point out likenesses as well as differences; to emphasise grounds in common as well as specialised characteristics; and last of all, to apply methods found to be fruitful in one field of investigation to another, in hopes of attaining new or suggestive results. It is this latter point which I wish to emphasise. Analogies and parallelisms between Ethics and Economics may be multiplied *ad libitum*. They will always be suggestive for illustration and example, but as such, have an explanatory rather than a scientific or definitive value. But in the course of speculative thinking in the nineteenth century a subjective field of inquiry was opened up to the political economist. A subjective side of modern economics has been definitely formulated in the study of the Subjective Factor in the determination of value; viz.,

the nature of the subject who values, as opposed to the Objective Factor, or object valued, and the relation between the sciences of Ethics and Economics has become a fundamental and organic one. Certain problems came to be separated off from the problems of conduct in general and considered as specifically economic; such as the motives and laws of economic activity especially in valuation, the laws of the mutation of price and the fluctuation of demand. Hence in the subject-matter of modern ethical speculation, the psychological principles which are admitted as grounds for the various forms of human activity, such as the Will, Instinct, Habit, etc., become of the utmost importance to the economic student who admits the subjective factor in such phenomena as Value, Price, Demand and Supply.

And to-day in all treatises on theoretical economics, scholars admit this Factor. An account of the nature of human wants precedes *ex post facto* all formulations of economic laws and all groupings of economic phenomena. Economics is regarded as a science that has a subjective as well as an objective field of investigation.[1] The objects desired form the subject-matter of the latter; the desiring subject, the phenomenon for investiga-

[1] The study and analysis of the subjective factor has claimed especial attention from the group of scholars in more or less close connection with the "Austrian School." Following Gossen and Karl Menger's general formulation of the Laws of Want we have a series of logical and psychological studies in the concepts of value and the phenomena of want and desire. The movement originated with Brentano's "Psychologie vom Emperischen Standpunkt." This was followed in 1893 by Ehrenfel's "Werththeorie und Ethik," 1893, and "System der Werththeorie," 1894; by Meinong's "Psychologische-ethische Untersuchungen zur Werththeorie," 1894, and "Das Bedürfnis," by Oskar Kraus in 1894. More recently Kreibig has published his "Psychologische Grundlegung eines Systems der Werththeorie" (1902), and Schwarz, "Psychologie des Willens zur Grundlegung der Ethik," 1900. Cuhel's "Zur Lehre von den Bedürfnissen" appeared in 1907. The latter work is an exhaustive analysis of the various concepts appearing under the general title Want (Bedürfnis), thus clearing the way for a thorough examination of the fundamental ideas which underlie the various definitions of want, desire, will, etc., in their economic relation to the theories of value.

tion of the former. Wants and desires have been classified; the sequence of their appearance in consciousness has been observed, and certain laws of wants have been formulated to account for the first impulse toward economic activity. The study of Want (Bedürfnis) is indeed the latest chapter in the theory of economic relations.

All modern scholars on the subject emphasise the fact that this branch of economic investigation is most closely allied to the science of psychology: in fact that it is a special province in the domain of psychological research. The sequence of wants, their variety, intensity and extent, the action of the will on the environment to satisfy desire, are all facts which have a determining influence on economic phenomena, but are properly recognised as activities of the functioning self, and as such, are psychological manifestations. The relation between the Subjective Factor in theoretical economics, and the more general science of psychical activity, or psychology is undoubtedly clearly defined. Economics takes from psychology certain general principles of human activity, and proceeds to investigate the operation of such principles in its own special field. The point that is not so distinctly recognised is the relation between the Subjective Factor in economic theory and the science of ethics, and the significance for Economics of the assumptions and logical processes which form the basis of ethical reasoning. If psychology investigates the phenomena of the functioning self, ethics investigates the goal toward which human activity is impelled to move, and endeavors to formulate a theory of the end, in view of which all the activity making up human life is regarded as the means. "The human being desiring the object A," is a psychological phenomenon, in truth, the essence of one of the most complicated chapters in the science of psychology. "The human being acting upon outer-nature to satisfy the desire for object A" is again the essence of the economic process. "The reason why the human being desires A, and not B, C, or D," in other words, the *relation* of desire A to other desires and its place in the total sum of desires, is the problem of ethics. Whether

[illegible]

[illegible]

[illegible]

economic goods and services. They may also for the purposes of analyses regard the self as abstracted from the phenomenal world. Economics, however, regards man in one relation only: that of dependence upon certain objective factors which are called economic commodities.

But though the fields investigated by these three sciences of human activities are quite distinct, theoretical economics encounters problems similar to those investigated by the psychologist and the moralist. Not the least important of these are certain great points of controversy, which from time to time have split the ranks of the moralists into opposing "schools." These are, in general, problems dealing with the motive impelling to any act, the nature of the end to be obtained by the act, and the nature of the criterion for judging whether the means will further the end. In whatever terms these problems of human activity are interpreted to explain conduct in general, the same terms may be used to explain economic conduct in particular.

The formulation of the "laws of want" or "laws of sensibility" which serve to-day as the psychological point of departure for most of our economic reasoning, gradually came to assume its present form in the last half of the nineteenth century. At the same time a great conflict between antagonistic modes of thought was remoulding ethical concepts for the English-speaking world. This controversy was reflected in the current discussions as to the laws of economic activity, and coloured to a great degree the formulation of the subjective factor.

In the domain of ethical speculation in the English-speaking world, two great rivers of theory met and intermingled in the last four decades of the nineteenth century so that for a time all sharp distinctions and clear cut categories seemed lost in their troubled waters. The slender stream of idealistic thinking, persisting in English ethics from the Cambridge Platonists of the seventeenth century, was mightily reinforced by an interest in metaphysics awakened by the German post-Kantian idealists. The revival of an idealistic interpretation of life beginning with Coleridge and Carlyle found its native expression and English

exponents in the ethical writings of Martineau and Green; and its full expression to-day in the works of Muirhead, Bosanquet and F. H. Bradley. This positive body of English idealistic thought, however strengthened by the influence of the German philosophers, was indigenous. It had persisted for two centuries in the face of a most redoubtable antagonist. For though the trend of ethical idealism had been maintained from Henry More and Lord Herbert of Cherbury, through Shaftesbury, Hutchinson and the Scottish Intuitional School, the main body of English ethics had remained, since Hobbes, stoutly naturalistic and utilitarian in character. But Utilitarian Theory itself, representing as it did the dominant and positive ethical interpretation, had departed of necessity from its seventeenth century position, and in the two centuries following Hobbes had been proceeding along lines that would have led eventually to its own negation, as may be seen in studying its fate in the hands of John Stuart Mill. At a critical moment, however, it received incalculable strength from the body of evolutionary doctrine, which followed the publication of the "Origin of Species" in 1859.

It was thus against utilitarianism reinforced by the ethics of evolution that English idealism had to contend. In the controversy which raged in the forty years which followed Darwin's great work, the entrenched party in English ethics still contended for the "greatest sum of pleasure" which, however, only the "fit could survive to attain;" while the encroaching party in the persons of the idealists declared a "sum of pleasure" unthinkable and unrealisable, and held the end of all purposive conduct to be the "realisation of self," an Aristotelian concept revivified by Hegel.

Contemporaneous with the interest in ethical and philosophic problems, was an era of great speculative activity in economic science, as vital to clear thinking as the controversies between Utilitarianism and Idealism, or the mooted question as to the antagonism between "science and religion." By the very subject matter, however, it was not so adapted to popular repre-

sentation in pulpit and newspaper and hence is not so intimately interwoven in current thought.

This controversy, or rather series of inquiries, revolved about the question as to where the fundamentals of economic science should be sought; whether objectively in the phenomena of wealth, capital and naturally scarce objects; or subjectively, in the wants, necessities and nature of man. The science of Economics, which has come to be the more technical name for the earlier descriptive study called "Political Economy" has followed much the course of utilitarian ethics. In the early descriptive days of the science emphasis was laid on the external, objective side; on goods, exchangeable articles, on the "Wealth of Nations." Finding a description of the interchange of commodities inadequate to account for the laws of wealth and the facts of value, a naturalistic pleasure-pain psychology was early assumed, reflected as it were, from the dominant ethical school, which is exemplified in the Theory of Value as Labour or Pain. This naturalistic psychology is found implicit in Adam Smith, and is explicitly stated by his successors in the "classical school." But it proved more and more unsatisfactory as men came to have a wider knowledge of economic facts, and as more analytical investigations were made as to man's "economic nature." The Labour Theory of Value carried with it the germs of its own dissolution, as did the analogous Utilitarian Theory of Conduct in ethics; and in the course of its development engendered a body of exceptions to its own laws of such magnitude that Jevons in a single work transferred the fundamentals of the science from a Theory of Costs, calculated in objective terms as Labour Costs and Capital Costs, to the position of a normative, as we shall call it later, an idealistic science, by which the worth of a stock of goods, or of any part of a stock might be calculated by means of subjective valuations called Final Utilities. Curiously enough the same reversive step was taken independently by the German economist Gossen, and was later amplified into the body of theory which bears the name of the Austrian School. And again at a critical moment English theory was reinforced by the fruits of German speculation.

In the era which followed Jevons' work, the whole trend of economic discussion centered about the application of a subjective or "Marginal" theory of value. The theory still clung to a natural pleasure-pain psychology as a hypothesis, and questions as to how a sum of total well-being or Total Utility can be calculated from separate "increments of satisfaction" borrowed directly in terminology and argument from the analogous discussion as to the possibility of a "sum of pleasure" raging in the field of ethics.

No student of the contemporary literature in these subjects can be unaware that the controversies and discussions thus briefly indicated occupied the attention of ethical and economic scholars until the last decade of the nineteenth century. The mass of argument put forth in the scientific journals from 1860-1890[2] gives evidences of the unsettled state of both sciences; how ill defined were their respective fields, and how far from agreement were scholars as to the fundamentals. Is man a naturalistic being, an idealistic being, or both? Is the end which he seeks to attain a sum of pleasure, an ideal of perfection, or a modification of the two concepts? Does he value a good from the labour, cost or abstinence which its production necessitated,

[2] For typical examples of these discussions see "The Utilitarian 'Ought,'" by E. Gurney, Mind VII (old series); "Pleasure, Pain, Desire and Volition," F. H. Bradley, Mind XIII (old series); "The Logic of the Ethics of Evolution," W. Mitchell, Mind XV (old series); "The Idea of Value," S. Alexander, Mind I (new series); "The Hedonic Calculus," Edgworth, Mind III (new series); "Can There Be a Sum of Pleasure?" H. Rashdell, Mind VIII (new series), and "The Commensurability of all Values," Mind XI (new series); "Hedonism among the Idealists," B. Bosanquet, Mind XII (new series); "The Relation between Ethics and Economics," J. S. Mackenzie, International Journal of Ethics, Vol. VIII; "Theory of Value and Its Place in Ethics," C. G. Shaw, International Journal of Ethics, XI; "Is Pleasure the Summum Bonum?" A. Seth, International Journal of Ethics, VI; "Hedonistic Interpretation of Subjective Value," H. W. Smart, Journal of Political Economy, IV; "Wealth and Welfare: A Study in Subjective Economics," Annals of American Academy, XII; "Philosophical Basis of Economics," S. Sherwood, Annals of American Academy, X.

or from a subjective calculation of the intensity of the want felt for it; or a mingling of both factors? These are types of questions, familiar to all students of modern ethics and economics, and indicate the presence of several antagonistic systems of thought.

But it is equally evident that since 1890, and certainly within the last ten years, these questions have ceased to be vital within the domain of their respective subjects. In ethics the idealistic point of view, with certain definite modifications owing to the widened knowledge of the data of human experience opened up by experimental psychology, has steadily gained ascendency over the older and cruder Utilitarianism. Thought and investigation has turned to the detailed and analytical studies of the elements of ethical life; the function of the emotions and the passions; the manifestations of the will, and analysis of the ethical judgment.

In the sphere of economics, even more noticeably than in ethics the attention of students has passed from the more general theoretical aspects of the science to the investigation of special phenomena. The attitude of the majority of economists to-day is to apply certain theoretical principles to the mass of fact presented by the present industrial conditions, and advances in theory are confined in most part to improvements in method, whether historical, statistical or logical. The investigations which certain German and Austrian economists are carrying on as to the logical and psychological processes involved in acts of valuation and concepts of value have been for the most part critical and destructive. Any single constructive principle upon which to unify these studies is lacking, and so their work has up to this time had little modifying effect on economic theory in general; moreover, their work is not widely known to the English-speaking world.[8] The theoretic principles upon which most

[8] Professor Wilbur M. Urban, of Trinity College, Hartford, has contributed a number of most illuminating critical essays on modern theories of value and the work of these German scholars to the various philosophical journals. Note: "The Relation of the Individual to the Social Value

of modern economic investigation rests, seems to be in general, the theory of value which has been most fully developed by the Austrian School, when their concept of Marginal Utility as the measure of value is duly connected with the classical Cost Theory of Value by Professor Marshall's famous analogy of the "pair of shears," and when the theory is amplified on the side of Distribution by Professor Clark's "functional theory," or Professor Hobson's Theory of Collective Bargaining.

It may be that we are too near the revolutionary and formative period of speculative thinking in the latter half of the nineteenth century to estimate how far the theoretic spirit has carried us, or to appreciate what form it has assumed. It is possible, also, that the present position of economic theory is a tentative one; a breathing space, as it were, before storming the next theoretic fastness. It provides us with a fairly convenient set of principles for interpreting the almost overwhelming mass of modern economic and industrial phenomena; but it may give way before some future "master economist" who will fit more illuminating categories to the increased knowledge of economic fact, and will bring to another science a "Copernican Revolution."

Meanwhile it cannot but be valuable for clear thinking to re-examine the assumptions upon which current economic theory rests in light of the parallelism of its development with that of modern English ethics, and to correlate the body of theory explaining economic processes as formulated by the Austrian School and their Italian, English, and American representatives with the theory of conduct found in modern English ethics. A secondary object of this study is to formulate the so-called "Subjective Factor" in modern economic theory which means the theory of motivation which has been assumed to account for economic activity. We are concerned especially with the concept

Series," Philosophical Review, 1902. "The Consciousness of Value," Psychological Review, 1902; "Recent Tendencies in the Psychological Theory of Value," Psychological Review, IV; "Definition and Analysis of the Consciousness of Value," Psychological Review, 1907.

of end to be attained, the *Total,* whether of goods or satisfaction, which is regarded as the objective point for which any economic process is undertaken: and the nature of the economic judgment which is the keynote to the modern theories of value. We shall compare the form in which we find these concepts in current economic theory with their analogous concepts in ethics: the ethical end or ideal, which any act tends to realise; and the ethical judgment of worth and approval which measures each act with view to the end.

In order to make this comparison we must have clearly in mind the ethical concepts of end, criterion and judgment to which the economic forms correspond. But modern ethical theory, as we have suggested, passed through certain well defined phases before assuming its present form, and in the course of its development encountered certain logical difficulties and fallacies especially in the Benthamite period of Utilitarianism the solving of which engendered a body of argument which remains to-day a valuable tool to use in attacking like fallacies in other fields. *The first part* of this study, then, will be a brief historical outline of the development of the dominant school of ethics in England, from its formulation after the work of Hobbes, in the seventeenth century, through its utilitarian development in the first half of the nineteenth century. We shall indicate the gradual working away from its original hypothesis through a series of fallacies and assumptions, until it was freed from the remnants of its original naturalism by the more metaphysical and idealistic formulation of ethical theory coming in with the nineteenth-century philosophical Renaissance. Ethics as the older and more subjective study considered certain problems of human conduct, and embodies in its literature, both ancient and modern, certain arguments, concepts and logical forms, which economics as the younger and more objective science has been slow to recognise, but which are of the utmost consequence to-day in formulating the subjective principles which underlie economic theory.

These same problems appear in modern life clothed in another terminology. The great extent of industrial and economic organi-

sation, which received new impetus from the improved methods of production and the substitution of machinery for hand labour in the last half of the eighteenth century, has widened the horizon of human action, deepened the sense of human power, and sharpened and specialised the judging and valuing faculties. The area of human activity is extended: and coincidently, knowledge of the data of experience is more exact. The concepts presented to the modern citizen of the industrial world, though complicated and far-reaching, are explicitly concrete and full of content. The End which he contemplates, he pictures to himself in terms of *Capital controlled;* the Means to the End, he objectifies in *Productive forces,* whether his own labour or his control over other human or natural powers. His very judging and valuing faculties have become so systematised and organised in the formation of great world markets, that they appear to him, not so much as voluntary human activities, but as statistical tables of market prices. But the same concepts which furnished the mental world of the Greek philosopher, appear to-day as economic postulates in the modern industrial world. The *End* of economic activity; the *means* of attaining it, and the faculty for judging or valuing the *means* with respect to the *End;*—these are the fundamental concepts which form the subject matter of economics.

The second part of this study (Chapter III) will be an attempt to formulate the Subjective Factor in theoretical economics with regard to the three points already indicated, and to subject such concepts to a direct comparison with their ethical counterparts, with the hope that such an attempt will not only keep free economic thinking from the confusion between naturalism and idealism, but will more clearly define the relation of theoretical economics to psychology and ethics. The economic problems which we shall analyse center about the concepts of the economic End or Total Utility; the economic Measure; or Marginal Utility, and the economic Judgment of Value. In formulating the economic judgment and relating it to other forms of the judgment, the intellectual, ethical and æsthetic judgment, we hope to suggest a possible canon of distinction which may serve to separate

phenomena and enable us to draw sharper lines as to the various "fields of inquiry."

A *history* of modern ethical and economic theory, therefore, is not the object of the study. Such works exist, if not in abundance, at least in such numbers as to meet the needs of students. Nor would such an unbounded investigation serve our purpose. Certain concepts are present in modern economic speculation, which are not clearly conceived, or suffer from conflicting definition. Moreover, they are problems and concepts dealing with the Subjective Factor or man as a valuing agent, not with the objective world of fact. They deal with the nature of the man who counts, hoards, exchanges and consumes, not with things counted, hoarded, exchanged or used up. They lie in that debated borderland between economics, ethics and psychology whose boundaries have remained undefined since economic theory annexed a subjective province to its former realm of "scarce natural objects" and "exchangeable goods." Though they all have a specific economic character when brought into relation to the world of limited supply, they have received a general formulation in the science of conduct. A sketch of the development of these concepts in modern English utilitarian ethics and the natural transition to an idealistic interpretation in the ethical work of J. S. Mill, though seemingly disconnected, is the necessary introduction to a statement of the same problems as they appear in theoretical economics to-day. It must precede an application of the canons of criticism and distinction appearing in the long course of ethical development to the concepts of Total and Marginal Utility, and to that form of the dialectic of the economic judgment, which in the relatively short course of its development, the latter science has been obliged to assume to account for the otherwise arbitrary effect of human volition on economic phenomena.

CHAPTER II.

The Concept of Utility in English Ethics.

Hobbes. The history of English utilitarianism may be described from one point of view as the history of a series of attempts made to escape the logical consequences of a naturalistic account of human nature. Such accounts of the nature of man have been given at various epochs in the history of speculative thinking, to account for the apparently non-natural, supernatural or spiritual character of conscience, or morality in general. One of the most noteworthy of the modern versions of the ethics of naturalism was formulated by the philosopher Hobbes in the seventeenth century in his treatise on "Human Nature" (1642), in the "De Corpore Politico" (1650) and in the Leviathan (1651), Part I, Of Man. It accounts for the moral nature of man in particular, as well as human psychology in general in physical terms. "Concerning the thoughts of man . . . the original of them all is that which we call sense, for there is no conception in a man's mind which hath not at first, totally or by parts, been begotten upon the organs of sense. . . . The cause of sense is the external body, or object, which presseth the organ proper to each sense."[1] All spiritual or intellectual powers if not a "seeming" or a fancy are dependent on physical factors: the will and the passion are described as "motions" and "pressures." To quote a recent critic of naturalism, "The psychology now associated with Naturalism is essentially the same as that which Democritus in the ancient world and Hobbes in the modern set forth as a suitable outwork of their materialistic theory of reality.[2] Sensory impressions leave certain residua behind them called ideas; and these, as Hume put it, by 'a kind of attraction which in the mental world will be found to have as extraordinary effects as in the natural,' are held to give

[1]Leviathan, Bk. I, Chap. I, Routledge edition.

[2]W. R. Sorley, "Ethics of Naturalism," 2d edition, p. 17.

rise to the whole content of consciousness. Naturalism is thus a psychological as well as a cosmological theory, and may be tested by the adequacy to explain the mind of man as well as by its competency as an account of the world."

The account of human nature elaborated by Hobbes greatly influenced the form in which naturalism appears in English utilitarian ethics. But before we define the term "naturalism," as is used in this paper, we must note very briefly Hobbes's naturalistic account of man, as giving the dominant characteristics of such a philosophical point of view.

Hobbes describes man as existing originally and naturally in an anti-social, non-political State of Nature. Nature has created men equal, but it is an equality of weakness rather than strength, as "the weakest has strength enough to kill the strongest either by secret machinations, or by confederacy with others."[3] As all are equal, there is no central authority; and "men have no pleasure, but on the contrary a great deal of grief in keeping company where there is no power able to overawe them all."[4] There are moreover in the nature of man "three principal causes of quarrel," competition, diffidence, and glory. These natural instincts lead men to "invade for gain, for safety and for reputation," so that the natural condition of mankind is war, and "such a war is of every man against every man."[5] The natural condition of mankind therefore is described by Hobbes as one where "there is no place for industry, because the fruit thereof is uncertain, and consequently no culture of the earth, no navigation nor use of commodities that may be imported by sea, no commodious buildings . . . no account of time, no arts, no letters, no society, and which is worst of all, continual fear and danger of violent death, and the life of man solitary, poor, nasty, brutish and short."[6] In the state of nature, therefore, nothing can be unjust. "The notions of right and wrong, justice and injustice have there

[3]Leviathan, Bk. I, Chap. XIII, p. 79.
[4]Leviathan, l. c., p. 80.
[5]Leviathan, l. c., p. 80.
[6]Leviathan, l. c., p. 81.

no place, where there is no common power, there is no law, no injustice. Fraud and force are in war the two cardinal virtues."[7] That is; in the natural condition of mankind ideas of morality, justice, law, conscience, moral sense, judgments of right and wrong "have no place." They may, Hobbes admits, "oblige *in foro interno,* that is to say they bind to a desire they should take place; but *in foro externo,* that as to the putting them in act, not always."[8]

But Hobbes described men as having reason as well as the instincts of fear, competition, and love of glory. Reason points out that the difficulties of the precarious state of nature may be avoided if men are mutually willing to give up their natural rights of war, and "to confer all their power and strength upon one man or one assembly of men, that may reduce all their wills by plurality of voices to one will."[9] Thus the Leviathan or sovereign is erected by the mutual contract to maintain peace and secure life and property to the individuals in the state. The means which the sovereign devises to insure internal peace and protection to property is to create in the state the Social Institutions; codes of law, civil and criminal, the institution of private property, the moral code to determine individual conduct, and the institution of religion. Thus the whole content of morality, the idea of justice, the moral motive and moral obligation, was regarded as something superimposed upon the natural man by the Leviathan, or organised civil society. Man is naturally non-moral, and in the state of nature no moral considerations would obtain. Morality is an artifice or convention, a means toward furthering some social or political end, something devised by a power higher than any individual in the state, and imposed on the individuals from above.

This account of human nature as non-moral, and of morality as in some way adventitious and external, is what we call naturalism.

[7] Leviathan, l. c., p. 82.
[8] Leviathan, l. c., Pt. I, Chap. XV, p. 103.
[9] Leviathan, l. c., Pt. II, Chap. XVII.

Naturalism, therefore, includes all accounts of human nature as originally non-moral, depraved, or selfish; all accounts of human beings as actuated only by motives of self-interest without moral consideration; all accounts of the moral obligation as not having its source in the moral nature of man, but as operating on human action in some sense externally, whether by the will of God as postulated by theological naturalism, or by the social, religious and legal sanctions of the later Utilitarians. The point to note is that *naturally* man knows no moral obligation. Recognition of moral obligation is forced upon the individual by a divine ordinance of God, or by the superior force of society.

Hobbes's naturalistic account of morality immediately crystallised the keen interest in ethical subjects awakened in the seventeenth century Renaissance, into support and attack. The current rationalistic accounts of man as an essentially reasoning being; of morality as a set of principles innately known; of the moral process as that of immediately identifying fact with principle; and the end of life as bare identity, had to meet and combat a system definite beyond shadow of doubt. Man is a selfish creature ruled by appetite alone; the end of life is to attain the greatest amount of happiness. The State is supposed to be an invention devised to satisfy the need felt for effectively safeguarding man from the evil effects of his own nature. In the ethical and theological controversies which sprung up to answer Hobbes's challenge, it is interesting to note that the same divergence of opinion reappears which, after Aristotle, split Greek philosophical schools into Stoic and Epicurean; but with this difference. The school of thinkers which represent the positive and distinctively modern position in English ethics, based its principles on a hedonistic interpretation of man's nature, resting, to a greater or lesser degree, on Hobbes's naturalistic psychology; while the negative and protesting school in the persons of the Cambridge Platonists and the rational theologians, following, in the main, the classical tradition, based their arguments against Hobbes and the modern form of hedonism, on their own interpretation of Platonic or Aristotelian idealism.

Though Hobbes to a very great extent gave the impulse to modern ethical speculation by his revolt from the rationalistic psychology and the traditional scholastic philosophy of his time, and by his analysis of human nature as he understood it, driven to action by passion, naturally at war with all mankind and yet withal fearful and timorous; yet his work was too extreme, too widely opposed to the best thought and feeling of his time to serve as the corner-stone of a school of philosophy or morals. Schools grew up refuting and recasting his opinions. The theologians flew to arms to save the world from worse than Epicurean degradation. Those thinkers sympathetic with his point of view in directly appealing to the facts of life for the foundation of a system of morals, rather than to metaphysical theory, hesitated to champion the doctrine of universal selfishness. The religious ardour of the Reformation was too near, and the general level of philosophic thinking in the seventeenth century was too high, for the crude materialism of the Hobbian philosophy or the political opportunism of the Hobbian morals to be accepted *in toto* for the guidance of life. It added fuel to the fires of polemic, and determined the direction in which ethical thinking was to proceed for nearly two hundred years, but it remained an individual interpretation, not an ethical guide-book.

Hume. Half a century after the publication of the "Leviathan," Hume sought to unravel the twisted strands of ethical theory that had grown almost hopelessly confused in the controversies between Rationalists, Intellectualists, Intuitionists and the Moral Sense School, all denouncing or upholding Hobbes's naturalistic position. In Hume's two ethical works, the "Treatise of Human Nature" and the "Enquiry Concerning the Principle of Morals," certain concepts which were sources of confusion in current ethical discussion were analysed and rendered admirably clear. One of the most important of Hume's many contributions to ethical theory was his statement of the difference between the intellectual and the moral faculties, the great point of controversy between the Rationalists and the Moral Sense philosophers. The intellect, Hume conceived of as passive. Sense impressions are

given, are associated according to certain laws, and are known as Ideas. Moral facts, however, are *directly* perceived by a Moral Sense, which is an active inner function, and which submits the facts perceived to an inner standard. "Actions may be laudable or blameable; but they cannot be reasonable or unreasonable: Laudable and blameable, therefore, are not the same with reasonable or unreasonable. The merit and demerit of actions frequently contradict, and sometimes control our natural propensities. But reason has no such influence. Moral distinctions, therefore, are not the offspring of reason. Reason is wholly inactive, and can never be the source of so active a principle as conscience, or a sense of morals."[10]

Had Hume set to work to analyse the operations of the Moral Sense with the acumen with which he performed his logical analysis, the history of utilitarian morals might never have been written. But Hume was too much a disciple of Hobbes, and too distrustful of a faculty which judged immediately with reference to an ideal of right and wrong, to be content to say, "Man is a moral being, and not a natural creature, and the content of morality is to be found in studying the operation of his moral sense, and the nature of his moral acts." Having postulated an immediate moral sense, Hume analysed it no further, but turned to seek the foundation principle of morals in an analysis of Personal Merit, or of those human qualities which we judge to be admirable; proceeding from what he considered to be the "undoubted maxim, that no action can be virtuous, or morally good, unless there be in human nature some motive to produce it, distinct from the sense of its morality."[11]

In this investigation Hume abandoned the rationalistic method of deduction from axioms, and used the method of science. He studied the nature of the various admirable qualities or virtues; justice, benevolence, equity, and others. As the result of his investigation he found that all the qualities which we designate as virtuous arouse in us pleasurable sensations and all vicious and

[10] "Treatise of Human Nature," Clarendon Press, p. 458.
[11] l. c., 479.

evil qualities correspondingly painful ones. Further analysis reveals four sources of pleasure-pain, or rather four principles which serve to distinguish between virtue and vice. "For we reap a pleasure from the view of a character which is naturally fitted to be useful to others, or to the person himself, or which is agreeable to others, or to the person himself."[12] This fourfold division of qualities useful and agreeable to ourselves, and qualities useful and agreeable to others, becomes the basis of the chapter division of Hume's later work, the "Enquiry Concerning the Principles of Morals." His position is stated clearly in the Appendix to the Enquiry, "The hypothesis which we embrace is plain. It maintains that morality is determined by sentiment. It defines virtue to be whatever mental action or quality gives to the spectator the pleasing sentiment of approbation, and vice the contrary."[13] And the ultimate source of this "pleasing sentiment of approbation" is the usefulness or agreeableness of the action or quality to ourselves or to others.

In other words, the criterion which may be applied to test the perceptions of the Moral Sense is *Utility*. Moreover, this criterion Hume rightly declared must be a general concept, which may be applied to particular cases to test their ethical validity: it must be utility for the true interest of mankind. He thus avoided the error of the Common Sense school, which in asserting an immediate and personal perception of right and wrong, admitted no universal standard of ethical judgment, and in cases of error and disagreement reduced moral judgments to a matter of personal opinion. Moral judgments, Hume rightly perceived, could have no universal validity unless the moral standard were capable of universal application in particular instances, as the intellectual standard of consistency may be applied to facts of truth and falsehood.

Having discovered in his analysis of Personal Merit, that "utility for serving the true interests of mankind" is partly, at least, the ground for our approbation of virtuous conduct, Hume

[12]Hume's "Treatise of Human Nature," Clarendon Press edition, p. 591.
[13]Hume's "Enquiry Concerning Morals," Clarendon Press edition, p. 289.

concludes that the *sentiment of Humanity* is the basis of morals. On account of our interest in humanity alone, are we able to have a principle of judgment fitted to be a moral principle. This sentiment of humanity, or sentiment of sympathy, as it appears in the Treatise, is a natural sentiment, "common to all mankind, which recommends the same object to general approbation, and makes every man, or most men, agree in the same opinion or decision concerning it."[14] It is moreover "a principle which accounts in great part for the origin of morality."[15] That is, we find in Hume analysis a second view of man's moral nature and the character of the moral judgment. According to the view already indicated, man is endowed with an active moral faculty called the "Moral Sense," which immediately perceives actions, and judges them to be right or wrong, according to an ideal standard, the criterion of such judgment being utility, individual or social. According to the second view, human beings have among other sentiments that of sympathy, humanity or fellow-feeling with one another, which "recommends the same object to general approbation" without reference to a moral standard or criterion, and which constitutes an independent "basis of morality." It is interesting to notice in this connection that the latter view of morality coincides with the view of sympathy as the basis of morals put forth by Hume's life-long friend and critic, Adam Smith, in his "Theory of the Moral Sentiment." Both accounts are naturalistic in that they deny to man a moral nature or the capacity for making moral judgments, and attribute the content of morality to the operation of a natural sentiment.

Hume's work may be regarded, either in the light of a compromise;—that is, an endeavor to reconcile the naturalistic hypothesis with a Moral Sense, or as the product of a mind grasping intuitively beyond the concepts of his times to a truer and deeper interpretation of man's moral nature. He says, "We may easily remove any contradictions which may appear to be betwixt the extensive sympathy on which our sentiment of virtue depends,

[14]Hume's "Enquiry," p. 272.
[15]l. cit., p. 219.

and that limited generosity which I have frequently observed to be natural to men." Benevolence and Self-love are not necessarily antithetical elements in man, but may be supplementary factors in an organic unity.

But Hume's account was not conclusive. The great problem for the eighteenth century moralist was to find some *motive* in human nature strong enough to account for morality. Why should a man act morally, or for the good of others at personal sacrifice, when his natural instincts impel him only to seek pleasure and avoid pain? How can there be a question of moral choice when the strongest pleasurable or painful sensation, according to the current psychology, must determine the will? In spite of questionings, morality remained a persistent fact, inexplicable on a naturalistic hypothesis.

But though morality be an admitted fact, it still might be an arbitrary one; according to Hobbes, it was a creation of policy and convention, upon which view society and civil and religious institutions were as houses built upon the sand. Hobbes's account of the agreement of the multitude to maintain a mutual peace failed to give any assurance of stability, even when the agreement was fortified by the decrees of the Leviathan. The "mutual peace" might be overturned at any moment by the same multitude in a concerted act of will, by a single decree of the Leviathan. Hume's qualified Moral Sense, and sentiments of humanity or sympathy, were too shadowy, too much at the mercy of the stronger selfish instincts, which both philosophers admitted as essential characteristics of human nature. All the arguments which Hume could bring to bear from other sources:—the universal sentiment of sympathy and humanity, the fact that pleasure came to be associated with virtue, and pain with vice, that qualities useful and agreeable to others influence us as well as those directly affecting ourselves,—failed to make the moral law *obligatory* in private or in public life, once it were admitted that all conduct is determined by an expected excess of pleasure over pain. Accordingly, we find the trend of ethical thought after Hume turning from an analytical study of human nature to search for some external

authority or *sanction* to support the moral element in human nature which seemed at the mercy of all the lower passions and instincts.

Paley takes issue with Hume on just this point. Hume had complained of the "modern scheme of uniting ethicks with Christian theology:" Paley, an uncompromising theologian, claims that without the theological sanction there is nothing binding in morality. In criticising Hume's "Treatise" he says:—"When they have read it over, let them consider whether any motives there proposed are likely to be found sufficient to withhold men from the gratification of lust, revenge, envy, ambition, avarice; or to prevent the existence of those passions. Unless they rise from this celebrated essay with stronger impression in their mind than it ever left upon mine, they will acknowledge the necessity of additional sanctions."[16] These "additional sanctions," or external props to morality, Paley frankly recognises as the nexus of his system. *Paley.*

Paley's "Principles of Moral and Political Philosophy" is admirably clear and concise, and a direct contrast to Hume's less consistent but more suggestive work. Paley is a typical exponent of eighteenth century theology. He is brilliant, pointed and convincing, but shallow and unanalytic. But he is frankly hedonistic, and inclined to look at society as a machine, and human institutions as "contrivances."

He prefaces to his "Principles of Morals" a naturalistic account of man's psychological nature. He denies Hume's "Moral Sense" as well as the Innate Ideas of the rationalists. Certain actions are approved and others disapproved by the process of association, whereby pleasure is associated with good action and pain with evil. Good actions tend to be repeated on account of the human propensity to imitate. Happiness, interpreted hedonistically, is the End of Life. "Any condition may be denominated happy in which the amount or aggregate of pleasure exceeds that of pain; and the degree of happiness

[16] Paley, "Moral Philosophy," p. 66, Vol. I, Belcher edition (5 vols.), 1810.

depends upon the quantity of this excess."[17] Pleasures, moreover, "differ in nothing by continuance and intensity."

But Paley hesitated to champion too consistently a doctrine which would lead him to the Hobbian assumption of universal selfishness, and he hastens to add, "Happiness does *not* consist in pleasures of sense, in whatever profusion or variety they may be enjoyed . . . . nor doth it consist in exemption from pain, labour, care, business, expense, molestation . . . . such a state being usually attended not with ease, but with depression of spirits";[18] nor again "doth happiness consist in greatness, rank, or elevated station."[19] Paley recognises that the essentials of human happiness lie in activity. It is to be found in the "exercise of our faculties either of body or mind in some engaging end."[20] But Paley does not investigate the nature of the "engaging end."

Apart from the natural inclinations of men, however, we find existing in the world the rules and dictates of morality. These enjoin upon man the necessity of acting for his future as well as for his present happiness; which means acting according to Virtue. Virtue, thus conceived as an external, non-natural quality, existing in the world and dominating conduct, is defined as "doing good to mankind, in obedience to the Will of God; and *for the sake* of everlasting happiness."[21] According to which definition, "the good of mankind is the subject, the will of God the rule; and everlasting happiness the motive of human virtue."[22] In these few words Paley sums up his system. Man, considered as a natural creature, has no motive to act except according to his desires for personal happiness. Therefore to account for the many moral motives which are seen to operate in the world, he must be externally compelled by the will of God,

[17] Paley, "Principles of Morals," Vol. I, p. 39.
[18] l. c., p. 41.
[19] l. c., p. 43.
[20] l. c., p. 45.
[21] l. c., p. 51.
[22] l. c., p. 61.

with the hopes of everlasting happiness held up before his eyes as a reward for well-doing. If man is denied a moral nature, the safety and good of society can only be safeguarded against excesses of the selfish instincts by the supernatural intervention of the will of God.

This naturalistic and non-moral account of human nature appears more clearly when Paley turns to investigate the nature of Obligation. Why is man obliged to obey even the will of God? And Paley answers, "A man is said to be obliged, when he is urged by a violent motive resulting from the command of another." The whole moral code therefore is reduced to the dictum: "private happiness is our motive, and the will of God our rule."[23] In order to ascertain the will of God, "we must inquire into the general tendency of the action to promote or diminish the general happiness. This rule proceeds upon the presumption that God Almighty wills and wishes the happiness of his creatures, and consequently that those actions that promote that will and wish, must be agreeable to him, and the contrary."[24] Paley reaches the conclusion, that God as essential goodness must will the greatest happiness to mankind, by a most characteristic bit of argument. "When Almighty God created the human species, he wished their happiness, or he wished their misery, or he was indifferent and unconcerned about both. If he had wished our misery, he might have made sure of his purpose by forming our senses to be so many sores and pains to us . . . . If he had been indifferent to our happiness or misery, we must impute to our good-fortune . . . . the capacity of our senses to receive pleasure . . . . But either of these being too much to be attributed to accident, nothing remains but the first supposition, that God, when he created the human species, wished their happiness."[25]

Thus Paley scores a point against such rational theologians as Cudworth and Clark, with their vague principle of identity

[23] l. c., p. 63.
[24] l. c., p. 67.
[25] l. c., p. 70.

between object and idea, by being able to point to a definite criterion of right. "It is the utility of any moral rule, which alone constitutes the obligation to it." If we ask, for what end is this action useful, Paley answers:—"the general happiness, which indicates what is right, and consequently what is the will of God."

Any naturalistic account of man leaving out regulative ideals and the possibility of judging right or wrong with respect to them must necessarily lead to the supernaturalism so evident in Paley's system of morals. If man is governed by purely natural motives, certain great classes of phenomena fail to be accounted for; generosity, sacrifice, all forms of altruism, activity for reform and social service. If these attributes are not natural and the products of pleasure-pain, they must be supernatural, or the manifestations of a superior will. If these elements in life which seem to be the most valuable, and the most admirable of human qualities, are yet not natural to man, their existence in the world must be enforced supernaturally, by the direct intervention of God. So Paley met the demand for safeguarding morality by supplying a theological prop to man's failing nature. The fear of future punishment, and the hope of future rewards constrain man to act morally, and thus against his real human nature.

Paley thus presented a definite system freed from the ambiguities and uncertainties of Hume, or the works of the Common Sense school. The account of human nature is still naturalistic, and the stubborn facts of moral acts and moral judgments which failed of an explanation on any naturalistic psychology, were arbitrarily accounted for as the injunctions of a supernatural Being. Paley's advance over the Hobbesian naturalism lies in his recognition that happiness is not mere sensation, or an idea of a sum of sensation, but is actively a process of attaining some "engaging end." He also emphasises Hume's use of utility as a criterion for determining right action, in place of the rationalistic criterion of mere identity. Actions are to be universally estimated by their tendency. Whatever is expedient is right. "It is the utility of any

moral rule which alone constitutes the obligation to it."[26] Utility as a universal criterion for moral judgments is a long step in advance of Hobbes's concept of morality as prudential restraint; but utility for Paley does not signify what it meant for Hume. Utility for Hume is a criterion—a universal term by means of which a moral being tests his own judgments of right and wrong. This action is right and praiseworthy. Why? Because it is agreeable to me, or to other people; or because it serves a personal or social end. Another action as judged wrong or unworthy and when tested by the moral criterion is found to be subversive of personal or social ends.

But for Paley *utility* is not the criterion of the judgments of a free moral being, but of the will of a supernatural agent. "The criterion of right is utility,[27] . . . . but because moral *obligations* depend, as we have seen, upon the Will of God, right which is correlative to it must depend on the same. Right, therefore, signifies *consistency with the Will of God.*"[28] Paley, therefore, admits utility as the criterion of moral judgments, but does not admit man's capacity to judge morally. His system is thus more naturalistic than Hume's, and more consistent. A creature constrained to act by an anticipated excess of pleasurable or painful sensation, could not be expected to make free moral judgments. His obligation to act morally therefore, comes not from his own nature but from the will of God.

The last quarter of the eighteenth century saw a rapid transformation and readjustment of social and industrial conditions, which caused the speculative men of the times to turn from the abstract, theological and rational systems of Paley and his fellow-theologians, to deal with the immediate and pressing problems of the day. Morality, they claimed, must not only give a true account of human nature, but it must provide some positive standard to serve as the criterion of practical reform.

[26] "Principles of Morals," Vol. I, p. 70.

[27] l. c., p. 71.

[28] l. c., p. 78.

Bentham. Bentham's "Principles of Morals and Legislation" (1789), containing in substance his whole theory of ethics, appeared three years after Paley's "Principles of Philosophy." The account of human nature, of morality and the logical processes upon which the system of morality is derived, are almost identical in the two books, but while Paley's "Principles" is relegated to the theological philosophy of the eighteenth century, Bentham's "Morals and Legislation" became the text-book of the early nineteenth century political and social reformers. Bentham added nothing at all to the utilitarian theory of morals, as many of his commentators have taken great pains to point out. He is indebted to Gay, Tucker, Hutchinson and Hume for his psychology, indeed, for the very content of his theory. His logic is the logic of Paley. But the form into which he cast utilitarian theory marks the beginning of a new epoch, and the importance of the change cannot be too strongly emphasised. Moral theory which in the eighteenth century was the subject of academic discussion, and theological polemic, was transformed by Bentham's legal and codifying mind into a practical utilitarian platform for political and social reform.

But to appreciate the full significance of this change in the character of ethical thinking, which occasioned Bentham's work, and typifies the early nineteenth century attitude toward morality, it is necessary to note the social and political background, the changed industrial conditions and reorganised social classes which brought forth the new point of view. In the first volume of "English Utilitarianism" Leslie Stephen has given a very graphic and delightful account of the social, industrial and intellectual life in England, which is the proper setting to study Bentham, and the work of the early "utilitarians." These conditions can only be very briefly indicated in the space of this study, but they are essential in bringing out the significance of Bentham's place in the history of utilitarian theory and the reason why his version of utilitarianism, and not that of Hume or Paley became influential in English ethical and economic theory. And in passing from the theoretical and academic discussion of morals which

characterised the eighteenth century thinkers, to the statement of utilitarianism as an explicit code for political and social reform, the utilitarian philosophers came to base their theory on an assumption not consistent with the naturalistic psychology of the earlier hedonists; namely, that the end of all moral action, whether individual or social, is for the good of the whole public welfare, or as it came to be called later the "greatest happiness principle."

Bentham, bringing the whole force of his legal knowledge and acumen to bear on current moral theory, saw as clearly as Paley that if morality were denied to the nature of man, it must rest on arbitrary assumptions, and be externally enforced by some power or authority. This necessary and external prop to morality, Bentham conceived to lie in the terror and majesty of the temporal law. But the law itself is a social institution: its dictates express the fundamental convictions of society. It does not favour any individual, nor indeed the interests of *all* individuals, but always serves and protects the majority or "the greatest number." And though Bentham prefaces his "Theory of Morals and Legislation" with an analysis of human attributes, and a codification of human faculties (Leslie Stephen calls Bentham the "codifying animal") along the lines of the eighteenth century moral philosophers, his theory of conduct is designed to grapple with social and political problems;—with the "greatest happiness of the greatest number."

The social and industrial England which was the background for Benthamism and the new utilitarianism, exhibited much of the insecurity and tendency to unexpected explosiveness which proverbially characterises old bottles charged with new wine. Despite the change in national character due to the growth of industries during the last half of the eighteenth century, certain hard and fast social classifications remained as the inheritance of centuries of agricultural power. The wealth of the country had originally come from agriculture; the ruling power was concentrated in the hands of the land-owning estate. In the days before the reform agitation, Parliament, and thus all financial legislation,

was in the hands of the landed aristocracy. The same class controlled all appointments in the army and navy; and all the offices in the Church of England. The Universities, which served as steps to ecclesiastical preferment, depended to a great extent on the landed interest for support and endowment, and for place and promotion for their students. And finally, the administration of justice, in the hands of county justices of peace, was usually the privilege of the heads or representatives of the county families. Thus Parliament with the financial and legislative functions, army and navy, Church and State; in fact all legislative, executive and judicial power, was concentrated in the hands of a single class,—the landed aristocracy, representing the agricultural wealth of the country. As Leslie Stephen puts it, "the early centralisation of the English Monarchy had made the law supreme, and instead of generating a new structure had combined and regulated the existing social forces. The sovereign power was thus formed to the aristocracy instead of forming an organ of its own."[29] This class having all duties, as well as all privileges, asserted its political position in terms of eighteenth century individualism. Their political creed was not based on an economic interpretation. They did not say, "Certain classes rule and have privilege because they control the wealth of the nation and so can concentrate power." But according to their political philosophy, certain men by *nature* and in virtue of their class in society are *fit* to rule and hold office. It remained for the utilitarian reformers to question the divine right of this "nature" and to deny the fitness.

After the middle of the eighteenth century, the landed interests, though retaining the perquisites of their earlier supremacy, had ceased to be the main source of wealth in England. Manufacturing interests, which had been steadily spreading for over a century, received a tremendous impetus in the increased foreign trade, and coincident development of machinery and technique which marked the last decades of the century. Two new social classes became prominent for the first time; the industrial work-

[29]Leslie Stephen, "The English Utilitarians," Vol. I, p. 53.

ing class, which thronged the factory towns, and redistributed population so effectively that Parliamentary reform became an issue with the rise of the modern factory system; and the class of industrial operators, the manufacturers. This latter group of men rose in most cases from the ranks of the labourers by their industry and ingenuity, and are a force to be reckoned with in any account of ethical, political or economic opinion of this time. The history is yet to be written of the influence on current speculative and practical opinion of such men as Arkwright the inventor, Wedgewood the potter, Francis Place the tailor, Telford, Watt, Hargreaves, Compton and many others who have been hitherto known only from their industrial or technical achievements. They are known as the inventors and as the founders of the great English industries, the men who prepared the way for the industrial development of the nineteenth century. They left an equally enduring mark on English thought, not only on the favorite subject for speculation, moral philosophy, but on political theory, and most especially on the new science growing out of the condition thus indicated, called "Political Economy."

Many of these men were friends of Bentham, the exponent of current moral theory, as well as the maker of legal codes, and of Adam Smith, the prophet of the new industrialism and the "Father of English Political Economy." In the several scientific and philosophical societies founded in the rapidly growing factory towns, of which the "Lunar Society" at Birmingham and the "Literary and Philosophical Society" at Manchester were the most eminent, all the social, political and economic problems of the day came up for discussion, as well as matters of literary and scientific interest. The list of membership of these societies shows that the "manufacturers" were affiliated with the best scientific and philosophic minds of the times. When we consider that these pioneers of industry, trained in the hard school of poverty and toil, were living in a country politically corrupt, whose ruling class was maintaining the established order through their control of office, and were practically excluding from participation in Government those very industrial interests, which later

were destined to make England a world power in a sense not dreamed of by the eighteenth century Physiocrats, it is small wonder that when the "manufacturers" turned their attention to righting existing evils, and formulating a platform of reform, their ethics were strictly practical and utilitarian, and their theory of wealth was expressed in terms of abstinence and toil.

The evils of the times which caused all thoughtful men to consider the necessity of some concrete standard of right as the basis of effective reform, had flourished, so to speak, in the very shadow of the English Constitution. The policy of allowing the maximum of liberty to the individual, with the minimum of governmental interference, had allowed the land-owning classes to control administrative functions, and made possible the rapid development of industry and manufacture, but offered no alleviation for the increasingly disadvantageous position of the labouring classes. Furthermore the very nature of the industrial development brought great distress to thousands of working people. The rapid substitution of machinery for hand-labour turned whole groups of industrial workers out of employment. Less hands were needed in the new organization than under the old régime; and cut-throat competition drove down the wages of those labourers finding work in the reconstructed organisation, with the resulting rioting and disorders which darkened the close of the eighteenth century. In the absence of adequate police systems in many of the rapidly growing factory towns, and most especially in the city of London, pauperism became a menace to peace and order.[30] The traditional and mediæval system of town government had died out or broken down under the changing industrial conditions, and municipal administration was at its lowest point of efficiency. Towns were without charters, without adequate prisons, hospitals or police force. The criminal code, the accumulation of centuries of custom, precedent and enactments without adequate codification, either punished inhumanely or allowed clever criminals to slip through the grasp of the law. These conditions were further aggravated by the lack

[30]Leslie Stephens, l. c., Vol. I, Chap. III.

of any national system of education. So that in addition to the evils of pauperism and crime the greater part of the labouring population were grossly ignorant.

All the efforts made to alleviate the condition of the poor were the work of private individuals. The period marks a series of social experiments which were immensely valuable in later reform legislation. Poor-law bills were presented to Parliament. Prison reform and the revision of the Criminal Code were the subjects of many pamphlets and much investigation. Industrial and technical schools, night classes and Sunday-schools were erected on private foundations. Robert Owen, the cotton manufacturer, started his socialistic experiments in profit-sharing at New Lanark; Wilberforce was agitating the country for the abolition of the slave-trade. The whole era was one of protest and agitation for reform. The national conscience began to stir; the loss of the American colonies, and the events of the French Revolution finally waked it up to a startled self-consciousness.

With these practical problems for reform in the public mind: the condition of the poor, the police-system, the criminal-code, education, the Slave Trade, and, most fundamental of all, the redistribution of parliamentary representation, it is small wonder that when men of the type of the early industrialists sought to remedy the existing evils, they turned from the abstract and metaphysical speculations of the moralists and theologians and sought a practical statement of right and wrong to serve as a campaign platform.

This need Bentham supplied to the early nineteenth century political and social reformer. He was trained as an advocate, but never practised his profession, as his whole interest lay not in the application of the law, but in codifying and arranging existing systems, exposing fallacies and preparing carefully worked out schemes for reform. His attitude toward morals was far from being the academic or controversial interest of the eighteenth century thinker. He needed, as a man of his times, a definite standard of right, and a theory of the principles of human action to serve as the foundations of his civil and criminal codes.

It has been said of Bentham that he contributed nothing to the utilitarian theory of morals but method. It would be fairer to say that all the theory *needed* was method. The content of the theory was at hand in the works of Gay, Hume, Hutchinson and Shaftesbury, and had been put into shape for Bentham's purpose by Paley. But the ethical speculation of the age was useless unless formulated to apply practically to the evils of the times. Bentham's work was to take the utilitarian theory of the Paleyan type, and to codify it in a reformer's hand-book. His ethical principles are not elaborated into an all-embracing system; they are the necessary introduction to his civil and criminal legislation.

The psychological groundwork of Bentham's ethics is unmistakably *naturalistic*. "Nature has placed man under the government of two sovereign masters, pain and pleasure. It is for them alone to point out what we ought to do, as well as to determine what we shall do."[31] Morality therefore "the object of which is to rear the fabric of felicity by the hands of reason and law"[32] has as its foundation the principle of utility. The nature of this principle is most definitely stated. "By the principle is meant that principle which approves or disapproves of every action whatsoever, according to the tendency which it appears to have to augment or diminish the happiness of the party whose interest is in question." The position which Bentham assumes is that the phenomenon which we designate as "moral approval" is the operation of some active principle of selection whereby man acts for his greatest happiness, the manifestations of such a principle appearing as the sensation of pleasure and pain.

The application of this principle of utility is the work of the legislator, and the *end* he has in view is to obtain pleasure and avoid pains for mankind in general or the State. "Pains and pleasures are the instruments he has to work with;"[33] it behooves

[31]Bentham's "Principles of Morals and Legislation," Clarendon Press, p. 1.

[32]l. c., p. 2.

[33]Bentham's "Theory of Morals and Legislation," p. 9.

him, therefore, to understand their force, which is again in other words, their value. Thus the individual regarded by Bentham[84] as a rational as well as sentient being is able to calculate the values of pleasures in order to insure the greatest possible total by considering their intensity, duration, certainty or uncertainty, propinquity or remoteness. The legislator, moreover, has to take into consideration the further circumstances of their fecundity; or chance of being followed by more of the same kind of pleasures; their purity, or the chance of their being followed by more of the opposite kind (or pain); and their extent, or the number of persons concerned. In other words, the individual or legislator is able to make a calculus of pleasure (felicific calculus) in order to insure the greatest total happiness, and will act and legislate with this end in view. Thus, man described as a naturalistic creature, determined in his actions only by pleasurable sensations, or a balance of pleasureable over painful ones, is also regarded as rationally calculating a total of pleasure, and presumably determining his action prudentially by giving up an intense pleasure of short duration, for a moderate pleasure extending over a long span of time; or an uncertain and remote pleasure for a certain and immediate one of lesser degree. The legislator, for apparently no motive of pleasure at all, exercises the same rational calculation for the mass of the people.

From whence it comes that motive for action means the idea of a pleasure or pain operating in some inexplicable way directly upon the will.[85] No motive can be said to be in itself *bad,* as the idea of a bad pleasure is a contradiction in terms. Motives, as in the case of pleasures, may only be called good or bad with reference to their known effects upon the sum of pleasures, and then not accurately. Disposition, also, which is the sum of the motives and tendencies of action in an individual, may not rightly be judged good or bad except from the relative amounts of pleasure and pain resulting from such activity. Thus a man is

[84] l. c., p. 30.

[85] l. c., p. 101.

said to have a "mischievous disposition[36] when by the influence of no matter what motives, he is *presumed* to be more apt to engage . . . in acts which are *apparently* of a pernicious tendency, than in such as are apparently of a beneficial tendency." Immorality, in this point of view, amounts to an error of judgment, or, of imagination of what seems to be pleasant. Man can act only from an idea of pleasure. If after performing the action, painful rather than pleasurable sensations ensue, the act is deemed "pernicious" and "immoral." The idea of pleasure, in such a case, was mistaken.

In asserting, however, that our only motive to action is an idea of pleasure, Bentham makes this position extremely explicit by cataloging human pleasures and pains under the title of "Table of the Springs of Actions; showing the various species of pleasures and pains of which man's nature is susceptible."[37] He enumerates in this remarkable tabulation the various pleasures, including pleasures of the senses, pleasures of wealth, power, amity, reputation, sympathy and antipathy; the pains of toil, sickness, aversion, etc., and the corresponding motives for action arising from them. It is noticeable that among the "Springs of Action" no account is taken of activity arising from the promptings of conscience, moral considerations or disinterested benevolence. This omission was pointed out by John Stuart Mill in his criticism of the "Table of the Springs of Actions" but the omission is entirely consistent with Bentham's naturalistic hypothesis. The motives of fellow-feeling toward other individuals, of national attachment to the community at large, and of good-will toward mankind find their place in the "Table" as "interests corresponding to the pleasures of sympathy." Under the same heading are lumped all the extra-selfish feelings of individual, familial, national or human good-will as "permanent moral qualities;" one variety of the ten classes of the "self-regarding virtues."[38]

[36]Bentham's "Theory of Morals and Legislation," p. 132.
[37]Deontology (Collected Works), I, p. 195.
[38]Bentham's Collected Works, I, p. 200.

But though the pleasures and pains enumerated in the "Table of the Springs of Action" are seen to be the necessary *end* of all activity, and are regarded in the character of "efficient causes or means"[39] in the theory of morals and legislation, they appear in quite a different aspect in the theory of sanctions. This is the keynote to Bentham's whole ethical theory. In the "Principles of Morals and Legislation,"[40] he says, "There are four distinguishable sources from which pleasures and pains are in use to flow—physical, political, moral and religious. Inasmuch as the pleasures and pains belonging to each of them are capable of giving binding force to any law of conduct, they may all of them be termed *sanctions.*" In the Deontology[41] Bentham gives five sanctions: the physical, the social or sympathetic, the moral or popular, operating through public opinion; the political or legal, and the religious or superhuman. The concept of the sanctions presupposes the temptation to act contrary to self-interest, or to do *wrong;* and consequently the binding force which the sanctions exert is manifest in the pains and evils which are incurred in disregarding them. Thus pain results from disobeying the physical sanction, and loss of caste from failing to observe the moral or popular sanction. The political or legal sanction operates through the rewards and punishments fixed in the civil and criminal codes; the religious or superhuman sanctions through the hopes of heaven and fears of hell. With regard to the dignity of human nature, this account of the inducements urging the individual to act for his own interest has not progressed very far beyond Hobbes's prudential hedonism. All motive is read in terms of self-interest; and the sense of obligation and the power of forming moral judgments is denied to the nature of man. Though certain extra-regarding motives are admitted in the "Table of the Springs of Action" they are accounted for as variations of the pleasures of sympathy. If Bentham's psychological foundations are literally interpreted men must still be regarded as natu-

[39] "Morals and Legislation," p. 21.

[40] l. c., p. 24.

[41] Bentham's "Deontology," p. 103.

ralistic creatures, who would be mutually destructive if allowed to follow their natural instincts, but who are coerced to act morally by a system conceived as external and imposed by some efficient authority. What Bentham really does, is to substitute the legal sanction as his prop to morality, (he practically ignores the efficacy of the other sanctions), which enforced its dictates by civil and criminal rewards and punishments. He relies on the majesty of the law to safeguard failing human nature, as Paley relied on the theological sanction manifest through the will of God.

But self-interest, no matter how "enlightened," was not an end fitted for a reform platform. Nor could utility for promoting self-interest serve as an ultimate criterion for legislative and legal proceedings. It served as Bentham's point of departure, but we find another principle adopted as his ultimate moral and legal criterion. This is the "greatest happiness of the greatest number" which became the watchword of the utilitarian reformers.

In a note to the new edition of the "Principles of Morals and Legislation," published in 1828, Bentham states that "the greatest happiness principle has been added to the original principle of utility as the source of happiness, and consequently of morals." He defines it as "that principle which states the greatest happiness of all those whose interest is in the question, as being the right, proper, and, only right, proper and universally desirable end of human action . . . . and in particular, in that of a functionary, or set of functionaries, exercising the power of Government."[42] The reason given for the change from utility as a principle, to the "greatest happiness principle" is that the latter applies to a greater number of people, and that it affords a "standard of right and wrong by which alone the proprietary of human conduct in every situation can with propriety be tried."

Utility recognised as a principle making for some form of well being was the step toward defining a concrete standard of moral judgments, which the utilitarians took in advance of the earlier

[42]Bentham's Collected Works, I, p. 1.

hedonists and the rationalists. But utility in itself is vague. We must ask, "utility for what? for my happiness? for the general well being? and what if the general well being conflicts with my happiness?" In Bentham's own account of human nature these two principles may clash, for he admits that benevolence[43] is also a motive in conduct as well as the attainment of pleasure. But in the interests of practical legislation he substituted the "greatest happiness of the greatest number" for this shadowy "utility for the Public Good" or "effective benevolence." The logic of this substitution has often been questioned, and rests on a form of the well-known logical fallacy of composition.[44] Every man desires his own greatest happiness. Every man attaining his own greatest happiness would bring about the greatest happiness of the greatest number. Therefore, every man desires the greatest happiness of the greatest number. In other words, a principle, that of utility, defined as operating in a purely selfish being, in a purely selfish way, is made to serve, through a fallacious argument, as an altruistic principle whereby the individual is moved to act for the greatest happiness, not of himself, but of the "greatest number."

Superficially considered Bentham passed, by means of this fallacy, from the individualistic point of view of the eighteenth century to the organic concept of society of the nineteenth. Man is no longer conceived as an isolated unit working only toward his own end, but as inextricably bound by his various social relations, with the good of the "greatest number." It was for John Stuart Mill to point out that "greatest number" is still not

[43]Bentham's "Deontology," p. 140. "Conduciveness to happiness being then the test of virtue, and all happiness being composed of our own happiness and that of others, the production of our own happiness is prudence, the production of the happiness of others is effective benevolence. The tree of virtue is thus divided into two great stems, out of which grow all the other branches of virtue."

[44]The logic of the "greatest happiness principle" is analysed by G. E. Moore in his "Principia Ethica" (Cambridge, 1903), Chap. I, sections 12-15; and in Sidgwick's "Methods of Ethics" (Macmillan), 6th edition, Bk. I, Chap. III, sections 2-3.

the "whole," and that though consideration for the majority was an advance over mere consideration for the individual, still such a designation was not *just,* in that it excluded the minority from moral consideration on the part of the community. Bentham asserted that "every man counted for one, and no man for more than one" in the public will, but when the "greatest number" had been determined, the lesser numbers not only ceased to "count for one" but failed to count at all.

But practically by this argument Bentham escaped the inconvenient consequences of the naturalistic position, and at the same time proposed a practical and definite standard, to which all plans for reform might be submitted. Certain laws Bentham saw to be wrong; certain conditions in society are wrong, because they do not make for the "greatest happiness for the greatest number." Certain reforms, laws, ordinances, and innovations are right, because they tend to bring about the greatest happiness.

To sum up for our purpose Bentham's position in the Utilitarian development, in order to estimate the extent to which his theory depends on a naturalistic interpretation of human nature, and the degree in which he abandons this position, it is necessary to point to certain obvious features of his theory, and perforce to ignore much of his most valuable contribution to the intellectual development of his time. First: His account of motivation is purely naturalistic. Man is moved to act by his ideas of pleasure and pain; the more intense determining his course. What is pleasant is good and what is painful is evil. Therefore with pleasure-pain as the source of moral approval, there is no place for moral judgment, within the sphere of human nature. Secondly: Moral judgments, and moral choices, exist and are necessary to insure the end, which by means of the fallacy of composition is postulated for the individual; namely, "the greatest happiness of the greatest number." Certain extra-selfish motives found to be among the springs of action, and to make for the greatest happiness, are nevertheless at the mercy of the stronger and more numerous self-regarding motives. Therefore to safeguard these extra-selfish motives as social factors, morality is enforced by the legal

sanction, by means of rewards and punishments. So far Bentham is a pure hedonist, chained by the naturalistic hypothesis to a selfish interpretation of man, and to an external and conventional account of morality.

But being by nature a reformer, and by profession a collector of facts and a maker of codes, Bentham did not adhere too strictly to his system. He catalogued the extra-selfish motives in his ethical theory as variations of the pleasures of sympathy and thus naturalistic, but he accounted for them practically in such a way that he made it possible for the last great utilitarian, John Stuart Mill, to adopt the Bentham point of departure, and still to free utilitarian ethics from its old hedonistic and naturalistic elements. The most important concept of a non-naturalistic nature which Bentham was driven to adopt is the concept of an ideal end. This end in contradistinction to the rationalistic mode of thought has a concrete content: It is happiness for the individual, not pleasure in the sense of sensation. But as the individual is a nonentity apart from his social relations, it is the happiness of society. In the case of conflicting interests society is determined numerically. The rule of the majority obtains, or the "greatest happiness of the greatest number." The significant point is, that having stepped with questionable logic from the concept of "greatest happiness" as a personal *end* to greatest happiness as a social end, Bentham conceives this to be a *regulative* ideal, which at once guides the conduct of a moral individual and outlines a policy for the legislator in formulating the laws of society. This social and ideal end moreover is the essential feature of *man's* moral nature. It is not, as in Paley's system, a superhuman or supernatural design revealed to human beings through the sensation of pleasure-pain.

Furthermore, with an *end* in view any action or law may be referred to the single principle or criterion utility for judgment as to its adequacy as means to the end. This is in sharp contradistinction to the earlier hedonistic view of a haphazard "excess of pleasure over pain" as determining the direction of activity. As men are rational as well as sentient beings, they estimate the

relative values of various pleasures in a calculus of pleasure and pain. The concept of such a calculus implies that there is present in consciousness numerous desires which may be arranged in a scale, according to their intensity and duration. The rational individual may thus calculate the result of any course of action by applying the criterion of utility to determine which of several courses of action, or which of several pleasures will satisfy the most intense and most continuous desires, and thus attain the greatest total happiness. These three concepts, that of a regulative ideal or end, or a criterion or standard of judgment, and of a scale of desires forming a total of all desires, are concepts, which though true of actual mental and moral activity, proceed from some hypothesis other than the naturalistic psychology.

The definiteness and legal exactness of Bentham's mind, and the extreme precision of his method, rendered a real service to the ethical thought of his day. The theory of morals was struggling in turbulent waves of two great streams of thought, rationalism and empiricism were meeting and amalgamating to the destruction of all system. Bentham ticketed human attributes and powers, and pigeon-holed them in his system where they might be immediately found when wanted. In so doing he made clear the utilitarian position. It was not as he thought it, a final, consistent, ethical theory, but a transition from the earlier abstract external aspect of human nature to a more moral, more profound view of the ideal of human conduct as the realisation of personality. The fact may not be disregarded that though utilitarian ethics rested on an inadequate concept of human nature, its great service to the theory of morals lay in the fact that it again connected man with his activities; it recognised that the highest human qualities were exhibited in social relations; it gave a content to the concept of the end of living, and a definite and practical criterion of right and wrong action.

James Mill and John Stuart Mill.

Bentham's contribution to utilitarian theory was his method; his service to the progressive party of the day lay in codifying and tabulating current ideas of morality and putting them into a concise form to be applied practically. His immediate usefulness

unlike that of the other utilitarians, however, was confined to his study. He was a recluse by nature, living apart from men and affairs, and was temperamentally unfitted for dealing effectively with practical problems. His one attempt to put his schemes into practice and manage a "Panopticon" or model prison was a complete failure, which involved him in serious financial difficulties. But the reform phase of utilitarianism cannot be adequately appreciated without some mention of James Mill, Bentham's lieutenant and right hand man, who became the practical leader of that small but effective body of men called the "Utilitarians." Bentham was the "codifying animal," John Stuart Mill a theorist and a dreamer, but James Mill was a leader of men. He was preeminently a teacher, a propagandist and a reformer. He breathed controversy and revelled in antagonism. Though he added nothing new, either to the knowledge or the theory of his times, he put into practice the principles he learned from others, and imbued all his immediate associates, and an ever-widening circle of disciples, with utilitarian views, by his own vigorous, though narrow enunciation of Benthamite doctrines.

The utilitarians were ever a small and most unpopular minority, but the elder Mill managed to keep their views and their demands for reform before the eyes of the British public by his incessant personal energy in teaching, writing and public speaking.

In the younger Mill's Autobiography, we get a vivid picture of this tireless, irritable and decisive personality. He was educated in Scotland for the Church, but in the course of his studies found that he could not believe the doctrines of any creed. He gave up the idea of the ministry, came to England, and took up journalism. Here he became the intimate associate of Bentham, Ricardo, Malthus, Hume and Grote, and threw the whole energy of his nature into propagating utilitarian doctrines. "His moral convictions," to quote his son's autobiography, "were very much the character of the Greek philosophers, and were delivered with the force and decision which characterised all that came from him. In his personal qualities the Stoic predominated. His

standard of morals was Epicurean, in as much as it was utilitarian, taking as the exclusive test of right and wrong the tendency of actions to produce pleasure and pain; but he had (and this was the Cynic element) scarcely any belief in pleasures . . . . he was not insensible to pleasure, but declared very few of them worth the price, which at least in the present state of society must be paid for them. He thought human life a poor thing at best after the freshness of youth and unsatisfied curiosity had gone by . . . . . He would sometimes say that if life were made what it might be, by good government and good education, it would be worth living, but he never spoke with anything like enthusiasm even of that possibility."[45]

This curious contradiction in his nature is evident in his writings, and in all his participations in public affairs. The Epicurean pleasure-pain philosophy was conjoined to a rigid Stoical sense of duty and self-sacrifice for the public good. He championed the greatest happiness principle, and was ruthless in tearing down the public's cherished ideals and prejudices, especially in regard to religious questions. His peculiar personal bias has been underestimated in its effect on the popular attitude toward utilitarianism. James Mill stood out among all his associates as the practical exponent of Benthamism. His interpretation of Bentham's ethical position brought forth Carlyle's rhodomantades against that form of morality; and his interpretation of Political Economy earned for it the name of the "dismal science." Nevertheless it was through his tireless spirit, and his incessant propaganda that utilitarian theory became part of the very fabric of English political, ethical and economic thought. The small body of utilitarians played an important part in the agitations for reform which culminated in the Reform Bill of 1832, in the Abolition of the Slave Trade in 1833, in the legal reforms, carried out under Bentham's personal supervision, and in the questions of Church and ecclesiastical reform.

In his ethical position James Mill is an unquestioning pupil of Bentham, whom he ever regarded as his master and teacher;

[45]John Stuart Mill, "Autobiography," p. 46.

but his Benthamism is very rigidly interpreted. Pleasure-pain is the motive of all action; utility is not only the criterion of morals, but is morality itself, to the exclusion of any moral sense, or moral faculty of judgment. He follows Bentham's account of motivation, and is even more explicit than his master in his delineation of human disposition, which he describes as a collection of desires and aversions coming from pleasant and painful sensations, which by the process of association cause muscular contractions, and thus bodily action. He agrees with Hartley that free-will is superfluous in a human machine working by the laws of association. In a being so constituted, independent moral action is impossible, hence Mill lays great stress on force of the external sanctions, especially the legal sanction, to enforce the "greatest happiness principle." It is consistent with the contradiction in his own character that in insisting on the coercion of the legal sanction he denied to human nature any genuine interest in the public welfare, for which he laboured and sacrificed all his life. He reconciles the ideal of unselfishness and devotion to duty, with the self-interest psychology by Bentham's arguments for the rational calculation of pleasure-pain. Man's rational faculties, abstracted from his sentient (though dominant) nature foresees and calculates a greater total happiness than may be obtained by indulging the unreflecting impulses of self-interest.

In both Mill's principal works, the "Analysis" and the "Fragment on Mackintosh," the weakness of the utilitarian theory of morals becomes most apparent. The impossible psychological analysis of man as a collection of antagonistic principles, formally held together by association, is evident, when the same human being is assumed to act unselfishly and from an exalted sense of duty. Morality, on the other hand, described as an external artifice, foisted on man by means of the legal sanction, in practical life becomes an ideal of duty, according to which the individual end is merged in the "greatest happiness to the greatest number."

James Mill's real significance for the development of English ethical theory, lies, however, in his personal influence on the

intellectual and spiritual nature of his eldest son. John Stuart Mill was the type of mind infinitely suggestive when coming at the turning point of an intellectual and moral development. He was an avowed utilitarian to the end of his life, adhering to the principles laid down by Bentham and championed by his father. But his natural instinct for truth led him to a deeper insight into the moral nature of man than was compatible with the theories he rightfully inherited. It is through his work that English ethical theory emerged from the artificial, shallow, though practically efficient phase, which we have briefly indicated. He is the link in the chain between the old form and the new spirit. Utilitarianism, pre-eminently the science of conduct for practical advantages, he perceived to be inadequate as an explanation of what he recognised as highest in human nature. In seeking to find the ground for the apparently ideal nature of certain human attributes he passed, and with him English ethical theory, from the old naturalistic and mechanical view of human nature, to an ideal, organic and essentially *moral* philosophy of conduct. His work has suffered the attacks which modern ethical scholars have made on the whole pleasure-pain philosophy of morals, and critics have demolished much of his constructive work, but it was John Stuart Mill who stimulated the best of modern ethical thinkers and himself pointed out the way to the work they have accomplished.

In the "Autobiography" he gives an account of his strange childhood, apart from other children of his own age, and of his strenuous education carried on under the personal supervision of his father, which was supplemented by teaching what he learned to his younger brothers and sisters, and by taking long walks with his father during which he delivered carefully prepared discourses upon topics taken from his reading. At fourteen, he spent a year in France with Sir Samuel Bentham and his family, the brother of his father's patron and master, where he "breathed for a whole year the free and genial atmosphere of Continental life"[46] and gained his life-long interest in

[46] l. c., p. 58.

French political ideas. On his return he took up his intellectual work with his father, and was initiated into all phases of utilitarianism. He became in time an ardent student and disciple of Bentham, and the most eminent exponent of his doctrines. At the age of sixteen he began to write for the press, and organised a debating club in which all the younger members of the party were affiliated, many of whom later became prominent politically as the utilitarian Radicals. His whole energy was turned, as was his father's, to propagating that philosophical creed which to his sensitive and enthusiastic temperament partook of the nature of a religion.

But the turning-point in his career, and a significant date in the history of English ethics, came when he was about twenty years old. Mill[47] had been studying, writing and propagating utilitarian doctrines incessantly, when in the autumn of 1826 he found himself in a "dull state of nerves, when pleasures became insipid and indifferent." In this state of mind, he put the question directly to himself, "Suppose that all your objects in life were realised, and that the changes in institutions and opinions which you are looking forward to could be completely effected at this very instant, would this be a joy and happiness to you?" And an irresponsible self-consciousness distinctly answered "No." At this he adds, "The whole foundation on which my life was constructed fell down." His traditional code, his father's life-work, the greatest happiness principle, the foundations of his universe crumbled before this one searching question. If the institutions which constituted his whole moral world should suddenly become perfected, they would find him still miserable. The systems, codes and reforms which he and his fellow-utilitarians had ardently planned had no solace for the individual. It was all external, cold and passionless, and to be labeled "greatest happiness" was a bitter satire.

From this mental crisis, however, Mill revived with the new knowledge that the passive sensibilities needed to be cultivated as well as the active capacities, and require to be nourished and

[47] Mill, "Autobiography," p. 145.

enriched as well as guided. He discovered that he had a soul as well as a mind. The method of his recovery opened up new fields of interest in poetry and imagination. In consequence of an awakened æsthetic appreciation, he formed the closest friendship of his life—save one, with Sterling, a "lover of poetry and the fine arts," [48] whom he describes in glowing terms as the most lovable of men. Sterling confessed to him, after their intimacy had ripened through their mutual interest in poetry, that he and others had always thought Mill a "machine-made man," until they discovered "that Wordsworth and all the name implied," belonged to him as well as to Sterling and his friends.

The significant point in this bit of personal history is, that until Mill had passed through this experience, he *was* a "machine-made man," manufactured by his father on a Benthamite model to be a sort of thinking, propaganding automat; a "collection" of facts and theories "associated" together on a utilitarian principle. After Mill had lived through this humanising experience, which he calls "One Step Onward," in his autobiography, his insight into life was sharpened, and the character of his ethical speculation takes on a new phase. His divergence from Benthamism is coincident with an aroused interest in German metaphysics and with a widespread study of the post-Kantian idealists. The trend of ethical thinking *after* Mill is strongly idealistic in character and it would be hard to determine with any precision the extent of his influence in the following decades. His own contribution to the theory of morals is in no sense final, but it bridged the gulf from the old era, and laid the way for the new.

This study does not admit of a detailed examination of Mill's later works. It is enough for our purpose to indicate three essays that give his general position. The first is the essay on "Utilitarianism," an attempt made in 1862 to restate Bentham's ethical doctrines, with the result of showing how far Mill himself had diverged from them. But though in reality Mill departed far from the original utilitarian point of view in his

[48] l. c., pp. 150-154.

various interpretations of the greatest happiness principle, he remained to the end of his life a loyal supporter of the doctrine and ever claimed to be a "utilitarian."

In his chapter on "What Utilitarianism Is," he indicates very clearly the character of the "greatest happiness principle" and in its elucidation points out with equal clearness many things which it is *not*. "The end which accepts as the foundation of morals utility, or the greatest happiness principle, holds that all actions are right as they tend to promote happiness, wrong as they tend to produce the reverse of happiness. By happiness is intended pleasure, and the absence of pain; by unhappiness pain, and the privation of pleasure . . . the theory of life on which this theory of morality is grounded . . . (is) namely, that pleasure and freedom from pain, are the only things desirable as ends."[49] This is the "machine-made" Mill giving expression to his inherited doctrines. Bentham himself could not have exceeded this statement for definiteness.

But in elaborating this view of morality, the real Mill appears, and expounds a far different theory of conduct from the naturalistic pleasure-pain account. In replying to Carlyle's charge that such a principle is a "doctrine worthy of swine," he asserts that it is "quite compatible with the principle of utility to recognise the fact that some *kinds* of pleasures are more desirable and more valuable than others."[50] Pleasures, therefore, may be ranged in a scale and admit of being judged as higher or lower, not merely as more or less intense, as Bentham asserted. Moreover, there is a corresponding range of faculties in the individual which are susceptible to the various qualities of pleasure. "A being of *higher* faculties requires more to make him happy, is capable probably of more acute suffering, and is certainly accessible to it at more points than one of an inferior type; but in spite of these liabilities, he can never really wish to sink into what he feels to be a *lower grade* of existence."[51]

[49] Mill, "Utilitarianism," p. 9. Longmans, Green & Co., 4th edition, 1901.
[50] l. c., pp. 10-11.
[51] l. c., p. 13.

The qualities of higher and lower in the scale of pleasures are thus transferred to the nature of the agent, who presumably judges pleasures from some subjective standard, and rejects those which fall below this criterion, holding, that "it is better to be a human being dissatisfied, than a pig satisfied; better to be Socrates dissatisfied than a fool satisfied." It is in such statements as these, and there are many in the "Utilitarianism," that Mill shows that he has taken a decisive step away from the Benthamite position. In judging action, the human being recognises a certain inherent value in his personality, and he will reject pleasures, and put away happiness, if he considers it of a quality degrading to his nature. The emphasis is no longer on "feeling," "sensation," man's effective nature, but on the desires which impel man to act, and the nature of those desires, whether of a "higher" or "lower" character, tending to express a "better" or "worse" personality. In these cases the greatest happiness principle is definitely set aside, the acquisition of pleasure is rejected as the sole motive for action, on a view of the moral life as a development of personality. Adhering logically to the utilitarian hypothesis, the man who rejects a great and intense pleasure as being of a character unworthy of his nature, commits an action contrary to the greatest happiness principle, and so *immoral*.

Recognising that it is conceivable for the individual to reject a possible pleasure from moral considerations, Mill takes another long step away from his original hypothesis, and asserts that unquestionably it is possible to do *without* happiness; "it is done involuntarily by nineteen-twentieths of mankind, even in those parts of our present world which are least deep in barbarism, and it is often done voluntarily by the hero and the martyr for the sake of something which he prizes more than his individual happiness."[52] This amounts to saying that since the acquisition of happiness is the end of life and the whole content of morality, nineteen-twentieths of mankind involuntarily, and the hero and martyr voluntarily, have no object in living, and are outside the

[52] Mill, "Utilitarianism," p. 22.

pale of morality. This is a hard saying, even for the son of James Mill.

But whether the moral end be regarded as the crude pleasure of the earlier utilitarianism, or as a sense of dignity and worth, as implied in the sections quoted, Mill, nevertheless, sometimes lapses to his former point of view in regarding morality as an external system. It is a body of rules of conduct imposed upon the individual from without.[53] There must be some force compelling obedience; it must have some sanction. In recasting Bentham's account of the sanctions to morality, Mill followed the traditional code to the extent of finding two sanctions to be external. The religious sanction upholds morality by means of the hopes and fears of eternal bliss or misery; the legal sanction operates through the officers of the law by means of rewards and punishments. But more fundamental for Mill is the internal, or altruistic sanction, "a feeling in our mind, a pain more or less intense, attendant on violation of duty, which in properly cultivated moral natures rises, in more serious cases, into shrinking from it as an impossibility. This feeling when disinterested, and connecting itself with the pure idea of Duty, is the essence of Conscience." But despite the precision of this anti-utilitarian account of the moral standard, as grounded in the "conscientious feelings of mankind,"[54] Mill refuses to regard this as man's essential nature, but describes it as "acquired," an "artificial creation"[55] held together by "moral associations," but, however, "natural" in the sense that there is a "basis of sentiment for utilitarian morality"[56] in "the social feelings of mankind."

The secret of the confusions and contradictions which characterise the essay on "Utilitarianism" lies in the fact that two definite but antithetical interpretations are present in it. The main positions are clear, the minor threads of argument are hopelessly interwoven. The old "machine-made" fabric of Paley and Ben-

[53] Mill, "Utilitarianism," p. 41.
[54] l. c., p. 42.
[55] l. c., p. 45.
[56] l. c., p. 46.

tham, is being patched and relined with cloth of another pattern. The former concept of the end of life as a sum of pleasure is replaced by Mill by a more profound concept of the aim of living as the development of personality. The psychological account of man as a collection of natural passions and rational faculties bound together by laws of habit and association gradually gives place to the view of human nature as an organic unity, expressing itself in action as will, in thought as intellect and understanding, in creative forms as the expression of the æsthetic ideal, but essentially *one* and directed to the accomplishment of its own highest development in accordance with an ideal of personality, gradually becoming self-conscious in the process of living.[57] The nature of morality, also, suffers a dual interpretation. Formerly regarded as an external convention and artifice, framed by selfish beings to serve selfish ends; and yet in some inexplicable manner, composed of extra-selfish principles, it is now conceived as the expression of the "conscientious feelings of mankind." Mill with all his insight never penetrated into the real utilitarian difficulty. He never connects the individual with society except by some "process of association." This is the remnant of the Hobbesian point of view, expressed in Bentham's famous dictum, "Every man to count for one, and no one for more than one." Within the individual are motions, springs of action, principles, etc., all considered as separate, independent, and uniform only by habit and association. Conversely, all exterior to the individual, other men and institutions roughly summed up under such terms as "society," "government" or "morality," are considered as *external,* and as coercing man by compulsory sanctions. The concept of human nature as an organic unity, and in turn as organically related to society as parts within a whole, is made explicit in English ethical theory after the work of John Stuart Mill, but this point of view is only implied in Mill's own writings.

But the source of the most persistent contradiction in the "Utilitarianism," is the confusion which Mill shares with every

[57] l. c., p. 9.

other utilitarian writer, as to the nature of happiness, pleasure and satisfaction. These three terms are often defined in utilitarian literature and their essential differences are recognised, but they are universally substituted for one another in the course of argument, with the result that the words have lost their purity of meaning, and sharpness of denotation. In accordance with an idealistic self-realisation view of ethics the distinction between the concepts seem to be as follows: pleasure is a state of feeling accompanying certain experiences and the attainment of objects of desire, irrespective of the nature of the desire, whether fleeting or permanent, intense or casual. Satisfaction and happiness, however, have to do with the ultimate *end* or the ideal of personality, which any action tends to realise. When a desire is attained, and it is seen to be in accordance with our view of the type of person we wish to be, satisfaction and pleasure is experienced. When upon reflection our attained desire is seen *not* to be in harmony with our wider standard of worth, pleasure may still be experienced, but not satisfaction. When in the long run, our activities tend to accomplish the end we have in view, and we are in the process of realising our ideal of conduct, that condition is happiness, or harmony of means with the end. Such a condition may or may not be pleasant, according to circumstances, but it will be satisfactory. We are denominated as "happy" only in the accomplishment of what we fundamentally desire. Thus satisfaction and happiness may no more be termed the end of life than pleasure. As the latter is the emotional colour indicating the attainment of any desired object, the former are also circumstances in the attainment of the ultimate end, which is a state of *doing,* not a state of being and the realisation of an ideal of self as a developed personality.

The presence of those various antithetical points of view are most evident in the last chapter of the "Utilitarianism" on the "Relation between Justice and Utility." "One of the strongest obstacles to the reception of the doctrine that utility or happiness is the criterion of right and wrong, has been drawn from the idea of Justice."[58] Mill shows that the powerful sentiment which

[58]Mill, "Utilitarianism," p. 62.

has been attached to the idea of justice is due to the underlying utilitarian reasons which have been "associated with it,"[59] together with the natural instincts of self-defence and sympathy. It is an example of one of Mill's "Collections" held together by laws of association. But in arriving at this conclusion he analyses the idea of justice, which he finds to be the same thing as the preservation of rights. These rights are "something which society ought to defend one in the possession of."[60] They are (1) Rights to personal liberty; (2) Rights to Property or what ought to belong to a person; (3) Rights to Justice before the law; (4) to the fulfilment of Contract; (5) to impartiality, and (6) to equal opportunity.[61] This analysis of justice and rights differs in no way from moral obligation in general, except that it is directly connected with the idea of penal sanction, "which is the essence of law, and enters not only into the conception of injustice, but into that of every kind of wrong."[62] Justice is then, that part of morality which the penal sanction enforces. It is what "some individual person can claim from us as his *moral* right."[63]

The feeling, however, which accompanies the idea of justice though made up of "natural impulses" and principles of expediency backed by the legal sanction stands for "certain moral requirements, which, regarded collectively, stand higher in the scale of social utility, and are therefore of more paramount obligation than any others."[64] In other words, the rights which Mill finds enforced by the legal sanction, and which make up our idea of justice, are in reality the *conditions* which a person has a right to demand in virtue of his being a person. Justice is thus seen not to be "associated" with morality, but to be the condition of morality.

[59] l. c., p. 62.
[60] l. c., p. 88.
[61] l. c., p. 80.
[62] l. c., p. 72.
[63] l. c., p. 75.
[64] l. c., p. 76.

This concept of Justice implicitly stated in the "Utilitarianism" was, however, the point of departure of the "Essay on Liberty (1885). The greatest happiness principle as the criterion of morality is frankly abandoned in this plea for the rights of the minority. As we have pointed out before, the principle of the greatest happiness to the greatest number logically applied would exclude the minority from moral consideration or from the sympathy which Bentham uneasily recognised as a human attribute. This "sentiment of sympathy" forced the earlier Utilitarians to recognise the rights of the minority in admitting that "every man should count as one and no man as more than one" before the principle of greatest happiness is applied. After its application, the minority disappears from moral consideration. John Stuart Mill's appeal for the protection of the minority from the tyranny of the majority is not based on the "greatest happiness principle" but on "Utility in the largest sense, grounded on the permanent interests of mankind as a progressive being."[65] The object of the essay is to assert the principle that "the sole end for which mankind is warranted, individually or collectively, in interfering with the liberty of action of any of their numbers is self-protection."[66] Liberty is not championed to promote "pleasure," or the "greatest happiness," but as the condition of man's individuality, "the highest and most harmonious development of his powers to a complete and consistent whole." Liberty of thought and expression as the condition of the development of the individual are the rights of man, not because such rights are arbitrarily sanctioned to insure "happiness" but in virtue of man's ideal of worth, as being the conditions of the free development of personality. "Among the works of man, which human life is rightly employed in perfecting and beautifying, the first in importance surely is man himself."[67]

Moreover liberty is not only the condition of the individual's development, but it is the condition of the well-being of society.

[65] J. S. Mill, "Essay on Liberty," p. 6. Longmans, Green & Co., 1889.
[66] Mill, "Essay on Liberty," p. 33.
[67] l. c., p. 34.

In the Essay on the "Subjection of Women," the principle on which is based the whole argument of this first famous plea for Woman's Rights, is not the "greatest happiness for women," but "the claims of human beings as such"[68] for equality as the condition of their greatest development. This original argument for the equality of the sexes does not even exhibit the terminology of Mill's inherited doctrine. Liberty and equality are urged for the "nerve and spring which it presents to the intellect and feelings, the more useful public spirit, and calmer and broader sense of duty that it engenders, and the generally loftier platform on which it elevates the individual as a moral, spiritual, and social being."[69]

Mill's position in English ethical development may briefly be summed up by noting that, though he consciously postulated the "machine-made" utilitarianism of the Benthamite period as his theory of morals, yet when he turned to examine practical ethical problems, such as the right of the minority to freedom, and the rights of women of equal opportunity with men, his arguments proceed unconsciously from a very different view of human nature. He recognised the organic nature of man, and his organic place in society. He virtually conceived of the moral end as the fullest development of personality, and that such an end can only be realised in society which conditions the exercise of the highest human faculties. Morality, therefore, instead of being considered as an external and conventional code, in some way imposed on the natural impulses of the individual becomes the expression of his inner ideal of worth in characteristic human action or conduct.

This view of morality is virtually the position of the self-realisation school of ethics, which appears in the last half of the nineteenth century and finds its expression in the works of Green, Muirhead, Bradley and others. As we noted in the introductory chapter, the years after 1859 and the publication of the "Origin of Species" were years of controversy. Mill had carried ethical

[68] "Subjection of Women," p. 76, Lippincott & Co., 1869.

[69] l. c., p. 167.

theory beyond naturalism. But naturalism received strong reinforcements from the doctrine of evolution which seemed to offer another form of naturalistic interpretation for the development, and therefore for the existence of moral phenomena. But the evolutionary principle which was rightly felt to be essential to scientific and sound moral speculation, came to English ethics through another channel, and was presented as a foundation concept in Hegelian idealism. This body of theory offset to a marked degree any retrogressive tendency for ethics that might come with Darwinian naturalism.

The interest in German metaphysics which had been stimulated in England by Coleridge and Carlyle, strengthened an already existing body of native English idealistic speculation which had been maintained in unbroken line from Herbert of Cherbury, Henry More, and the Cambridge Platonists, through Shaftesbury, Hutchinson, Reid and other members of the Scottish Common Sense School. In the course of this independent development certain confused concepts, which had caused Hobbes in the seventeenth century to turn from rationalism to naturalism to explain the fact of morality, had become defined and cleared of ambiguity. The difference between the intellectual and moral ideal, or end of action, had been pointed out by Henry More. The essential difference between the intellectual and moral faculties, had been incorporated in the very structure of English ethical thought by Hume. Cudworth had sharply distinguished between innate and self-evident moral truths, and the Scottish School had pointed out the difference between the moral ideal, inherent in the will, and moral principles, or generalisations made from observing acts of conduct. Thus there was present to the nineteenth century thinkers a positive body of idealistic theory. When this, and the new concepts of the organic nature of man coming from the rich field of biological and evolutional theory passed before the fine spiritual insight of a Martineau, and through the powerful analytical intellect of a Green, the self-realisation view of morals became not merely a *branch* of philosophy, but the *sine qua non* of all philosophic speculation. It has

been called Hegelian from its view of human life as proceeding from dim impulse to conscious self-realisation, thus transcending each acquired step in the development of new activities, and new human powers. It is more correctly named Aristotelian as it regards human life as making real the potential moral ideal implanted back of, or under, or prior to, all conscious manifestations in the human will.

To make clear the relation of this view of ethics with the theory of value appearing in the relative shorter course of economic development, it is necessary to state the main position very briefly. The end of human conduct, the ground for which any form of action is undertaken is conceived as an ideal of developable personality, which is an integral part of human nature and gradually becomes explicit in consciousness. The self in activity appears as will. Reflection upon acts of will make us gradually conscious of the type of person we wish to become, or, in other words, to know the nature of our moral ideal. To the extent that the ideal is consciously known, it constitutes a standard of judgment which is immediate, and which we apply directly to phenomena to estimate their moral worth. The moral judgment is the immediate application of an *ideal* standard to a fact of conduct. It is the "ought" which judges the actual in the light of the ideal; not the "is" or intellectual judgment, which relates a perceived fact to a coherent structure of knowledge. The moral faculty, therefore, *is the self* applying the ideal immediately in a judgment of conduct.

Moreover, the ideal of self, or the standard of virtue, always appears, on reflection as a completed concept, even though we know that it becomes increasingly definite and full of content with every act of will, and every moral decision or choice. As such it is a regulative ideal, conceived as a total in consciousness, over against which we measure the value of concrete acts. We say "such a thought or action was or was not worthy of us." In this case we apply the standard to the act, or we *measure* the act with regard to its place in the total. This latter concept of

the Total and Measure, which is the essence of the Aristotelian ethics of the End and the Mean, English ethical theory arrived at after struggling two centuries against the fatal consequences of the external and mechanical devices of naturalism. The import of this concept becomes of supreme interest to us in noting the effect on economic theory of the same naturalistic hypotheses.

CHAPTER III.

Total Utility and the Economic Judgment.

We are now in a position to compare critically certain underlying concepts in modern ethics and modern economics, and to note the relation between these two branches of human speculation, each of which purports to explain human activity according to certain postulates. Briefly to recapitulate we have seen that the trend of ethical thinking in the English group of moralists has been away from a naturalistic interpretation of human nature, and away from an external and mechanical view of society, government and institutions. It has tended toward an idealistic position, in which human activity, or the operation of the will, is the objective expression of an immediate ideal of personality. Regarding such a philosophy of human activity from the point of view of the *End,* we may call it *Idealism,* as the end which any act of conduct seeks to realise is an ideal implanted in the will, not a generalisation from the data of experience, though gaining content by the operation of the functioning self in the data of experience. Looking at the various *forms* of human activity, or the will in operation, this view of human conduct may be called *Voluntarism* or the interpretation of ethical motive in terms of will, as opposed to *Intellectualism* or the interpretation of ethical motive in terms of intellect.

Coincident with this development in English ethics, economic theory passed, in its turn, from its purely objective stage of descriptive studies in industrial and commercial conditions, to seek for the fundamentals of the science and especially to seek an explanation of the phenomena of value, in the psychological nature of man. Theoretical economics seeks to account for man's characteristic actions in the world of natural goods and limited supply from the nature of his inner necessities and demands, not from the fortuitous arrangement of the natural goods themselves. More-

over, having early assumed a naturalistic interpretation of human nature, reflected from the current utilitarian philosophy of morals, the "Classical" economists of the English school were forced to make one exception after another to their fundamental hypothesis, encountering many of the same logical difficulties as the utilitarian moralists, until the body of exceptions was greater than the body of positive theory, and the naturalistic account of economic motive was abandoned for a semi-idealistic interpretation.

The transition in economic speculation from a purely objective to a subjective-objective concept of value appears in the history of English economic theory in two aspects. From one point of view it appears as the history of the modifications of Adam Smith's Labour Theory of Value[1] in the works of his successors, Malthus, Ricardo, Senior, and J. S. Mill. Adam Smith stated, (not without considerable qualification, be it noted,) that the value of a good is determined by the amount of labour which went to produce it. "If among a nation of hunters, for example, it usually costs twice the labour to kill a beaver which it does to kill a deer, one beaver should naturally exchange for or be worth two deer."[2] Labour is used in this early formulation of the theory of value in the sense of disability, toil or pain which must be recompensed by the pleasure which the product of labour affords. Both the labour expended (labour costs) and the pleasure experienced in the object produced are measurable according to the "hedonic calculus" of pleasure and pain. Value is the expression of this measurability.

In criticising this theory Malthus[3] pointed out that in many passages Adam Smith uses as the measure of value, not the

[1]For a careful analysis of Adam Smith's "Labour Cost and Labour Command Theories of Value," see "A History and Criterion of the Labour Theory of Value in English Political Economy," by Alfred Whitaker, Columbia Press, 1904.

[2]"Wealth of Nations," Bk. I, Chap. VI.

[3]T. R. Malthus, "Principles of Political Economy," 1819, Chap. II, Sec. IV, 2d edition (Pickering), p. 89.

amount of labour expended in producing the good, but the amount of other men's labour which the good can command in exchange, and that in this aspect only can labour be said to be a measure of value. That is, the value of a good to the owner or the producer represents the amount of toil and disutility it can ward off. Both interpretations rest on a concept of the calculability of pleasures and pains; on the fact that the pleasure or satisfaction derived from the use or the exchange power of the good is in some way commensurable with the labour and pain of producing it.

Ricardo, accepting Adam Smith's cost rather than his command theory, pointed out that if labour were to serve as a universal criterion for valuation, the labour cost concept must be materially modified. In the first place labour costs can never measure the value of absolutely scarce or completely monopolised goods. Their supply is definitely limited, and their value is determined by the strength of the "effectual demand" for them. Secondly, the element of utility or usefulness is of paramount importance. "If a commodity were in no way useful . . . it would be destitute of exchangeable value, however scarce it might be, or whatever quantity of labour might be necessary to procure it."[4] Ricardo further modifies the concept labour costs as the measure of value by drawing attention to the fact (1) that labour differs in quality; skilled labour receiving a greater recompense than unskilled, as it produces goods of a higher value; (2) that the past labour which went to produce the tool or implement with which present labour works must be calculated with present labour costs; (3) that the varying degrees of durability of the capital with which labour is combined, as well as the labour costs,[5] are determining factors in the value of the finished product. In a letter to McCulloch, Ricardo expresses his modified labour theory of value as follows: "Objects of utility, produced by labour, and capable of further production by the application of more labour, have normal values in pro-

[4] David Ricardo, "Principles of Political Economy," Chap. I, Sec. 2.
[5] "Letters to McCulloch," p. 71.

portion to the total quantity of labour required to produce them, except that the proportionality is disturbed by the employment, with labour, of capital of varying degrees of durability."

John Stuart Mill, the last of the "Classical Economists," as he was the last of the "Utilitarians," adopted Ricardo's modifications to the labour theory of value (which had now come to be called the Cost of Production Theory) and applied it to determine the value of economic goods which he divided into three groups: (1) scarce goods, or those absolutely limited in quantity;[6] (2) goods freely reproducible by the application of labour and capital; (3) goods which may be increased by the application of labour and capital, but with diminishing returns. Values, which Mill defines first as "purchasing power," and later as the "ratio between demand and supply," is determined in the case of the first group of goods by the strength of the effectual demand, as the supply is absolutely limited. The value of the third group which includes all agricultural goods and many industrial products is determined by the "cost of that portion of the supply brought to the market at the greatest expense," or by the marginal costs. Only the value of freely reproducible goods (though Mill conceives the category to embrace "the majority of all things that are bought and sold") is determined by labour costs, and "expenditure" or capital costs. Thus, by the middle of the nineteenth century when Mill declared that "happily there is nothing in the Laws of Value for the present or any future writer to clear up" the positive body of theory only logically accounted for the value of freely reproducible goods. Scarce goods, goods produced under monopoly conditions, goods produced with diminishing returns, had to be valued according to other laws which were regarded as deviations from, or exceptions to the Law of Labour Costs.

From another point of view this same transition from an objective to a subjective-objective concept of value, may be regarded as the gradual recognition of the significance of the factor *Demand,* and of the functional relation between demand and sup-

[6]Mill, "Political Economy," Bk. III, Chap. V, Sec. 1.

ply.[7] Intimately connected with this recognition was the growing emphasis on utility, first as an indispensable factor in value, later as the criterion of value. Adam Smith dismissed the problem of utility or "Value in Use" with a word and turned to the exclusive consideration of Value in Exchange. Ricardo, as we noted, regarded "utility" not as the measure of value, but as "absolutely essential to it," but failed to analyse this "essential" or its relation to demand. Malthus[8] was the first of the English economists to formulate what Prof. Cassel calls the concept of the "mechanism[9] of the market . . . and the mutual dependence of the different factors operating in it." Though adhering to Adam Smith's Labour Command theory of value in general, in the determination of market price, he concludes that "the value of commodities in money, or their prices, are determined by the demand for them; compared with the supply of them. And this law appears to be so general, that probably not a single instance of a change in price could be found, which may not be satisfactorily traced to some previous change in the state of demand and supply."[10] Malthus defined demand as "the will to purchase, combined with the means of purchasing," but did not analyse this factor of will in value nor relate it to the current utilitarian discussions as to the motives for voluntary action.

Malthus's "Principles of Political Economy" was published in 1820, three years after Ricardo's work of the same name, and had far less general influence on the economic thought of the times than the more forcible but less suggestive work of his predecessor. In applying the Laws of Cost to all the phenomena of value, Ricardo's immediate followers turned their attention

[7]For an illuminating account of the development of the idea of the functional relationship between supply and demand as applied to interest on capital, see "The Nature and Necessity of Interest," by Professor G. Cassel. Macmillan & Co., 1908.

[8]Malthus, "Principles of Political Economy," Chap. II, Sec. 2.

[9]l. c., p. 31.

[10]l. c., p. 62.

solely to problems of exchange value and to the nature of the objective factor, economic goods. Senior ("Outlines of Political Economy," 1836), in stressing again the organic connection of demand and supply in the determination of market price,[11] appears as Malthus's logical successor. But he surpassed his master in his analysis of utility not as "an intrinsic quality of things," but as expressing their relations to the pains and pleasures of mankind, and hence the "necessary constituent of value,"[12] and in attempting to formulate some law of human wants and desires which might serve to account for the variations of the, as yet unanalysed, factor demand. Senior's *Law of Variety* gives us the first statement in modern economic theory of the operation of human wants in terms of quantitative variation. "Our desires do not aim so much at quantity as at diversity. Not only are there limits to the pleasure which commodities of any given class can afford, but the pleasure diminishes in a rapidly increasing ratio long before those limits are reached. Two articles of the same kind will seldom afford twice the pleasure of one, and still less will ten give five times the pleasure of two . . . . Banfield's "Cambridge Lectures" were published in 1844 and contained another psychological generalisation as to the operation of human desires, under the title "Law of the Subordination of Wants." Proceeding from the axiom that the satisfaction of a primary want gives rise to a secondary want, he evolved the concept of a graduated scale of human wants. "In proportion as food grows abundant the other wants rise in importance and a constantly expanding series of desires is awakened, which are classified according to their different grades of pressure . . . . An examination of the nature and intensity of man's wants shows that this connection between them gives to Political Economy its scientific basis. The first proposition in the theory of consumption is that *the satisfaction of every lower want in the scale creates a desire of a higher character.*"

[11] Senior, "Political Economy," 6th edition, Introduction, p. 7.

[12] "Encyclopædia Metropolitana," p. 133. Quoted from Jevons' "Political Economy," p. 53.

Both Senior and Banfield[13] took into account qualitative differences in wants such as primary and secondary wants, or wants of a higher or lower order, and quantitative differences in the intensity of the want felt or of the satisfaction experienced in satisfying the want.

These "Laws" of Senior and Banfield, both crude and tentative accounts of the psychology of wants, served as points of departure for Jevons' analysis in 1871 of the subject factor of demand in the ratio of value, and for his revolutionary attitude toward the whole content of the economic theory of his time. Problems of value and price had been approached from the side of cost of production; from the side of supply. Expressed solely in objective terms, the phenomena of value could not be explained without constant exception and qualification. Scarcity prices, monopoly prices, "fashion and novelty" prices, the high price of relatively useless things and the low price of relatively necessary things had created from the time of Ricardo to John Stuart Mill a body of exceptions greater than the positive body of law. In the introduction to the first edition of his "Theory of Political Economy" Jevons takes issue with the whole body of the so-called "classical theory" of his day. "When at length a true system of Economics comes to be established, it will be seen that that able but wrong-headed man, David Ricardo, shunted the car of Economic Science onto a wrong line, a line, however, on which it was further urged toward confusion by his equally able and wrong-headed admirer, John Stuart Mill. There were economists, such as Malthus and Senior, who had a better comprehension of the true doctrines (though not free from the Ricardian errors) but they were drawn out of the field by the unity and influence of the Ricardo-Mill School."

Jevons then proceeds to state his position. "Value depends entirely upon utility,"[14] *i. e.*, on the recognised relation between the want felt for the good (Demand) and the amount of the good available (Supply). "Labour is found often to determine

[13]Banfield, "Organisation of Industry," Lecture III, p. 60.
[14]Jevons, "Theory of Political Economy," Chap. I.

value, but only in an indirect manner, by varying the degree of utility of the commodity through an increase or limitation of supply." To frame exact laws, then, of the variation of utility, the subjective factor must be calculated as precisely as the objective factor: in other words, feelings, wants and motives must be measured. The calculus of utilities then must depend on a calculus of pleasure-pain.

Such a concept Jevons found elaborated to the utmost detail in current utilitarian ethics. "The object of economics is to maximise happiness by purchasing pleasure, as it were, at the lowest cost of pain," Jevons states in his introduction, and adds "I have no hesitation in accepting the utilitarian theory of morals, which does uphold the effect upon the happiness of mankind as the criterion of right and wrong. . . . My present purpose is accomplished in pointing out the hierarchy of feeling, and assigning a proper place to the pleasures and pains with which the economist deals. It is the lowest rank of feelings which we here treat. The calculus of utility aims at supplying the ordinary wants of man at the least cost of labour."[15] Following Bentham's account of the "circumstances" which determine the amount of a pleasure or pain, Jevons found pleasures and pains to be quantities of two dimensions. They may be measured according to intensity and duration. Moreover, pleasures may be regarded as positive, pains as negative. "The algebraic sum of a series of pleasures and pains will be obtained by adding the pleasures together and the pains together, and then striking the balance by substracting the smaller amount from the greater."[16]

With this concept of the calculability of pleasure-pain and the possibility of a sum of pleasure; and with Senior and Banfield's "Laws of Wants" to account for the order in which wants appear, the subjective factor in the problem of value could be measured as exactly as the objective factor of supply. Also utility expressing the functional relation between the two factors could now be exactly expressed. "Utility may be treated as a *quantity of two*

[15] Jevons, l. c., p. 23.
[16] Jevons, l. c., p. 32.

dimensions, one dimension consisting in the quantity of the commodity, and another in the intensity of the effect produced upon consumer."[17] Total utility would thus represent all the satisfaction coming from the consumption of any stock of goods; or the satisfaction by means of economic goods of any conscious scale of wants; the degree of utility, the satisfaction coming from the consumption of any specific increment of a stock of goods; and the general law, "that the degree of utility varies with the quantity of commodity, and ultimately decreases as that commodity increases."[18] The degree of utility of the last increment consumed, or the next to be consumed is the *final,* or as it is usually termed the *marginal utility,* and measures the utility of the whole; in other words, it measures value.

And so by a curious twist, the naturalistic psychology of utilitarian ethics which had steadily lost ground in the later years of utilitarian development, became suddenly rehabilitated by Jevons as the psychological premise for the new school of economics. Economic theory, strongly utilitarian from the first formulation of the Labour Theory of Value, had encountered all the difficulties of trying to construe the phenomena of value in objective, materialistic terms. When the facts would no longer justify such partial treatment, and when the recognition of the importance of demand and want as determining factors culminated in Jevons' analysis of utility, he construed the subjective factor not in idealistic, but in utilitarian terms, and grounded economic reasoning frankly on the ethics of naturalism. In John Stuart Mill's works we see the transition in English philosophical thought from utilitarianism to idealism. In Jevons' "Theory of Political Economy" we find the conscious realisation that the field of economics is not wholly cost, labour and supply, and that some explanation must be given of the varying human wants and desires. But in demolishing John Stuart Mill's "Political Economy" and dubbing him "equally wrong-headed" with Ricardo, Jevons did not realise that

[17] Jevons, l. c., p. 47.

[18] Jevons, l. c., p. 53.

the step Mill had taken in his ethical theory was also an inevitable one for the theory of economics.

With this brief sketch of the trend of English economic reasoning in mind, we are now in a position to bring together the various concepts whose development we have traced in Chapter II, and endeavor to determine their essential bearing in the formulation and analysis of the Subjective Factor in economic theory. In order to determine the essentially *economic* characteristics of the "Subjective Factor" that we may be in a position to compare them directly with the ethical, we must (1) give a fuller statement of what we termed in the introductory chapter the subjective-objective nature of economic phenomena, with the consequent methodological treatment which such a concept involves. We shall then have a point of view from which (2) to analyse the concepts of the end or total, the means or margin; and the nature of the judgment implicit in economic theory; and (3) to indicate the likeness and differences between these concepts and their ethical prototypes; and finally, in view of the nature of the characteristics which mark an action as ethical or economic to offer (4) a possible canon of distinction that may serve in defining the respective fields of human activity, and to separate phenomena according to these fields. If this could be successfully accomplished, economic speculation would not only gain in precision, but its relation to ethical theory would be so defined that the theoretical economist could confidently draw on the wealth of ethical argument, both ancient and modern, to test all advances in theory, and likewise could prove the validity of the present postulates, by submitting them to the analogous arguments for and against their prototypes in the ethical field.

Utilitarian ethics of the Benthamite form has disappeared from the thinking world, the present utilitarians being so much more "Evolutionists" than hedonists, that they can hardly be classed under the old name. But utilitarian postulates still persist in much of our economic theory, especially in such concepts as the Calculus of Wants, the Calculus of Utilities, Total Utility and Marginal Utility. These are capable, as we shall point out,

of a non-naturalistic interpretation, but in current discussion much of the argument follows the traditional reasoning and rests on such assumptions as a "sum of pleasure" the "calculability of pleasure-pain" and the postulate of the naturalistic psychology. The Labour Theory of Value, moreover, still persists in the surplus Value Theory of Capital of the Marxian socialists; and the Labour Theory of Value whether in its English or German form rests avowedly on a hedonistic interpretation of human nature and postulates a utilitarian end or total.

I. *The Subjective-objective Nature of Economic Science.*

Economic science is then seen to have a twofold nature. It is not a purely subjective study as are psychology and logic, in the sense of having for its data only the nature of consciousness and functionings of the self. Nor is it purely objective in dealing only with matter or properties which may be measured. It is a combination of the subjective and objective; and more than this, in economic phenomena the subjective, desiring and wanting human factor is always found to be in a certain relation to the world of fact, or "outer nature." Goods which might be proved to exist, fruit on another planet, gold at the heart of the earth, have no economic validity as they can never come in connection with a desiring subject. A good is an economic phenomena when it stands in some definite relation to a human being. A human being is economic to the extent, and only to the extent, to which he is related to economic goods. The relation, moreover, is functional not causal. Without human desire goods have no economic aspect, and are economic only to the extent in which they are desired. Human beings are economic agents to the extent to which they depend on goods, non-economic in those attributes in which they are independent of all goods. Therefore "Man is a function of Nature," or "Nature is a function of man" are the symbolic expressions for this economic relation of functional dependence.

In view of this relation a word must be said as to the method of economics, which is seen to be far more complicated than is

usually assumed in economic text-books. To the extent that economic phenomena are *objective,* and capable of being abstracted from the subjective factor, they are adapted to the same methodological treatment as the data of the natural sciences. Such economic facts as source of supply, areas of production, the facts of population, and nearly all the phenomena coming under the category of Exchange, may be studied indirectly and deductively, may be classified and arranged, and to a certain extent may be isolated and experimented upon. But most important of all they may be counted and measured, and so dealt with mathematically. The almost overwhelming amount of material available to the economic student from the advance and specialisation of industrial undertakings make applied mathematical methods the only practical ones for dealing with complicated industrial and commercial conditions. The statistical method, as branch of applied mathematics, is employed universally as the only convenient method for dealing with this class of facts, and is almost coincident in its field with what we have designated as the Objective Factor. By the use of diagrams, statistics, and the valuable formulae which have been obtained by the use of the Theory of Probability, the applied economist is enabled to handle material which would be totally unavailable were he restricted to methods of enumeration and description. He is also able to predict results of social, industrial and commercial combinations, and to calculate what will be the general tendency of development in given social, industrial and commercial conditions.

The methods of applied mathematics may be used, and indeed must be used, in dealing with the Objective Factor for accumulating data, and arranging material. This Objective Factor, "Goods" or Supply, when abstracted from the subjective-objective economic relation,—when abstracted from the person wanting the goods, or demanding the supply—can only be regarded as quantity, and hence can only be measured. It may be measured mathematically, but it may not be valued mathematically. This is an important point to note in view of the great interest nowadays in the application of the mathematical method to economic phe-

nomena. Value is the judgment of "better" or "worse," not "more" or "less," hence it expresses a relation of quality, and depends for its solution not only on the laws of goods which may be expressed mathematically, but also on the psychological nature of wants, which being intensities and feelings, may be indicated mathematically, but are not capable of objective measurement.

This leads us to the second method in which mathematics may be used in formulating economic data. We may employ the notation of the Theory of Functions to express the relations existing between the Subjective and Objective Factor. This relation being a functional one may be expressed in the form $M = F(n)$. The functional relation of demand and supply, of monopoly force and the level of price, and of all the complicated phenomena of Exchange which deal with *demand* and not with mere supply, may be expressed in the form of a functional equation, and may be submitted to various mathematical operations included in the Theory of Functions and the Infinitesimal Calculus.

This method of expressing economic relation was first used by Augustus Cournot in his "Mathematical Principles of the Theory of Wealth" appearing in France in 1830. Cournot expressed the relation between the Subjective Factor of demand, and the Objective Factor of supply in the terms of a functional equation, and by the method of the Differential Calculus developed formulas expressing price relations under conditions of free-trade, partial monopolies, absolute monopolies, and the general effect of taxation on monopoly price, competition price, etc. In the course of his treatise he anticipated the marginal utility theory of value in expressing the value-determining factor in his equations as the differential coefficient. But his work had no effect on contemporary economic thought, and the marginal utility theory was developed later and independently by Jevons in England and Gossen in Germany. Cournot's work comes in the general development of the theory more as a confirmation than a transitional step. Jevons and Gossen both used the method of the differential calculus to express the formation of the subjective factor in determining value. And the use of the notation of pure mathe-

matics for expressing economic relations finds its exponent to-day in the works of Walras, Pareto, Ferrara, Edgworth, Wickstead and many others. Professor Marshall's use of mathematics is most illuminating in the many examples which illustrate his "Economic Principles."

But the use of the notation of pure mathematics in economic data is only valid for conciseness of expression. It cannot add new facts. Professor Marshall says in the introduction to his "Principles": "The chief use of pure mathematics in economic questions, seems to be in helping a person to write down quickly, shortly and exactly some of his thoughts for his own use, and to make sure that he has enough, and only enough premises for his conclusions (*i. e.* that his equations are neither more nor less in numbers than his unknowns). But when a great many symbols have to be used, they become very laborious to any one but the writer himself, and though Cournot's genius must give a new mental activity to every one who passes through his hands, and mathematicians of his calibre may use their favorite weapons to clear a way for themselves to the center of some of those difficult problems of economic theory, of which only the outer fringe has yet been touched, yet it seems doubtful whether any one spends his time well reducing lengthy translations of economic doctrines into mathematics that have not been made by himself." The reason for this lies in the very subjective-objective nature of economic phenomena, which we have discussed above. Man stands in a functional relation to economic goods. This relation may for conciseness be expressed as a differential equation; variation in demand is accompanied by variation in supply, change in quantity or quality of valuable objects is accompanied by affective change in the balancing subject in the economic equation. But though the Subjective and Objective Factors may be expressed in relation, it does not mean that they are commensurable terms, or that they may be reduced to any common denominator. The objective world of things exists in space and time and may be measured. The subjective world of want, feeling and will are intensities. They may indeed be arranged according to greater

or less intensity, as we shall see later, but they can never be measured; first because they always appear successively in consciousness, never simultaneously, and therefore do not admit of direct comparison: and secondly, because a unit of measure for a psychic activity is lacking.

The use of the pure mathematical method then, in expressing economic relations is valid only for concise expression; to "help a person write down quickly, shortly and exactly some of his own thoughts for his own use." As it uses symbols to express relations existing between incommensurable factors, it is highly useful for testing logical hypotheses and verifying logical conclusions. But it is extremely doubtful whether such a method can ever add new facts concerning economic relations. It certainly could, were both sides of the equation commensurable, could human desire be measured by some unit analogous to units of physical measurement. It could develop a new notation or symbolism were both sides of the economic equation correspondingly *incommensurable;* were "goods" and the phenomena of outer nature the expression of a world will seeking self-utterance, as human wants are the evidence of the human will striving for realisation and completion. Unless we are prepared to ascend to a very misty metaphysical region and seek a mathematical symbolic which will transcend all subjective-objective distinctions, we must content ourselves with the complicated but intelligible divisions of economic method which the dual nature of the phenomena demands. The Objective Factor, being commensurable, may be dealt with mathematically, and lends itself admirably to statistical treatment. The relation between the subjective and objective factors may be indicated by the symbols of the Calculus for precision, but the factors being themselves incommensurable terms, no new knowledge concerning economic relations may be obtained by this process. It remains then, to note what method must be employed in determining the subjective factor.

In view of the distinction made in the introduction, the Subjective Factor in the economic process (the human being as the wanting or desiring subject) may be regarded as the data for

either psychological or ethical investigation. Regarding the emergence of wants as a form of activity of the functioning self, a study of the nature of want, and a formulation of the laws of want, form a branch of the science of psychology, and thus conform to the methodology of that science. The principal methods for dealing with psychological data have been self-introspection, observation of psychical manifestations in others and experimentation. The first two methods have been employed in all investigations as to the nature of want, and the order of emergence of wants which since the time of Jevons and Gossen have played such an important rôle in economic theory. Banfield's Law of the Subordination of Wants, Gossen's Laws of Sensibility and the Hedonic Maxima, Menger's "Bedürfniss Scala," Pantaleoni's Law of Elasticity, and the "Positive and Negative Expansion of Wants" are all the results of introspection and observation. In Dr. Cuhel's "Theory of Wants: a theoretical investigation in the boundary land between Economics and Psychology," to mention one of the latest additions to the study of the subjective factor, the same methods are used, and the inferences drawn from the analysis of various concepts of want, are the results of such profound insight and logical acumen that his conclusions may not be passed over by any student of the psychological element in Economic data. It is very doubtful whether other methods which have been fruitful in the field of psychology would have any value if applied to economic phenomena. Isolation of economic phenomena and direct experimentation is practically impossible: the organic connection of the two factors is the essential economic relation. Certain economic relations may be isolated, or rather abstracted for the purpose of analysing their component parts. The Classical economists, for example, abstracted the productive process from all the influences of monopolies, and formulated laws of production under condition of free competition, which they admitted actually could not exist. The method is admirable for precision of exposition, but of very questionable scientific value. Again isolated groups of individuals may very profitably be studied with the view of determining the laws of intensity and

emergence of wants in a restricted environment. This was von Thünen's method in "Der isolirte Staat" and has been used in numerous modern sociological investigations as to the extent of wants satisfied in groups with varying incomes. But in such cases it is the environment which is limited, not the want, and the results of such observation is not to learn new facts as to the laws of wants, but only the extent to which want, which is a universal phenomenon, may realise itself in the face of obvious limitation.

But passing from the psychological nature of want as an aspect of the functionary self, wants may be studied in another relation; as evidences of the nature of the End, which in the case of any individual, or group of individuals with a common or social end, determines the direction of this activity. Human wants, then, in view of their teleological significance, as expressions of the purpose and plan of life, are ethical phenomena, and hence are subject to the methodological treatment of ethics, or the Science of the End. Though ethics is a subjective-objective study to the degree that the realisation of the end only comes into consciousness through the course of an objective activity which we call the "conduct of life," nevertheless it is freed from the objective world of limited supply, which determines the subjective factor in economic relation and gives it its economic character. The method of ethics, therefore, is the self dealing immediately with the self, and observing other selves. Self-analysis and observation are the only methods we can use to piece together those fragmentary and disjointed facts which appear as "habitual conduct," "implusive acts," "instinct," "imitation," "the expression of the individual character" in order to form some idea of the plan which is being worked out in each individual life, or the type of human personality. The postulates as to the nature of the ethical end, and the criterion of action, gained by self-analysis and observation are submitted to all the forms of logical test of which the human mind is capable.

Briefly to recapitulate, the subjective-objective nature of economic science lays itself open to various methods of treatment. (1) The objective factor, or the phenomena of supply may be

treated mathematically, inasmuch as it may be abstracted from the subjective facts, and may be measured. (2) The relation between the subjective and objective factors, being a functional relation may be expressed in the notation of the differential calculus; always bearing in mind the fact that though the respective factors are always found in relation in the world of experience, they are not commensurable, and therefore the mathematical symbols are a short-hand expression of facts and relations which have been discovered by other methods; not a means toward further knowledge of economic facts. (3) The subjective factor, when abstracted from the objective factor, want *per se,* may be viewed as a form of the functioning self, and hence submitted to the methods of self-analysis and observation used in the science of psychology; or (4) may be viewed teleologically as evidence of the nature of the end. Hence the phenomena of want, as making for certain forms or types of conduct, comes under the methodological treatment of such normative sciences as ethics or æsthetics.

II. *Concepts found in Modern Economic Theory dealing with the Subjective Factor.*

(1) *Concept of a Scale of Subjective Wants.*

The concept of a scale of subjective wants was adopted by Jevons and Gossen from the concept of a subjective scale of pleasures and pains present in current utilitarian ethics, as a natural concomitant to the theory of the calculability of pleasures and pains. Man is impelled to action, said the hedonic philosophers and the formulators of economic theory, by a desire to attain the greatest hedonic maxima. To attain this he must calculate pleasure and pain to avoid attaining a quantum made up of lower or weak pleasures, or even containing some of the less painful pains. In the loose terminology of the Utilitarians, some pleasures were "higher" than others, which meant, indiscriminately, more intense, more extensive, more desirable or more admirable. Pleasure and pain according to Bentham and Mill were considered as being capable of being arranged in a scale. The calculus of pleasure and pain, was considered as a method

of valuing pleasurable and painful sensation, in the light of such a scale, with a view of attaining the greatest possible amount of pleasurable experience in a life-time. In the hands of the economists this concept fitted in with a growing recognition of the Subjective Factor in economic phenomena, and finds its economic concomitant as the concept of a subjective scale of wants.

It was early observed that human wants in the process of satisfaction follow each other in certain orders; physical wants appearing before intellectual wants for example, wants for the necessities of life must be supplied to a certain degree, before the comforts or luxuries may be enjoyed. Such a concept of order in appearance of wants underlies Senior's Law of Variety: "That the necessities of life are so few and so simple that a man is soon satisfied in regard to them, and then desires to *extend his range of enjoyment.*" Banfield states the concept much more precisely when he formulated his Law of the Scale of Wants.[19] Both statements bear the utilitarian trade-mark of calculability of pleasure, and the determination of the direction of desire by the "thing-in-itself," or materialism. Man in the one case "extends the range of his enjoyments," to obtain a hedonic maximum. In the other case, the satisfaction of a want creates a higher desire—the implication being that the self remains passive. Jevons strikes a much profounder note when he criticises Banfield's Law of the Subordination of Wants, and points out that the satisfaction of the lower want does not create the higher want, "but merely permits the higher one to manifest itself."[20] And this concept of a scale of wants as formulated by Jevons underlies not only his theory of the subjective element in valuation (The application of the Final Utility to the Total), but is the basic idea of the whole "Grenz-nutzen" Theory of the Austrian School. Briefly stated, the concept is as follows: The wants of an individual are arranged in a certain order, which we may term "higher and lower" according to a criterion to be determined later; wants appearing in groups of individuals of like status and environment seem to appear also in certain sequences; the order

[19]Jevons, "Theory of Political Economy," p. 40.
[20]l. c., p. 54.

of these scales or sequences is such that the satisfaction of every lower want permits a higher one to manifest itself. Using the concepts "more or less itense" in place of "higher and lower," the satisfaction of a more intense want, permits a less intense want to manifest itself.

In view of this concept of a subjective scale many interesting investigations have been made, both analytical and statistical as to the arrangement and constitution of such scales of wants individual and social, and with corresponding lists of commodities. Jennings[21] classified all commodities as primary and secondary as they correspond to primary and secondary sensations. Senior[22] divides goods into necessities, comforts and luxuries. Pantaleoni[23] has followed Jennings' distinction between primary and secondary wants and allied it to Gossen's laws of "Repeated and Protracted Enjoyment," and the laws of the Hedonic Maxima. His tentative formulation of the law of the elasticity of wants is as follows: Given an open market and such economic conditions as to render possible an increase in the demand for commodities, we shall have an "expansion of wants according to a determinate order." Supposing however a diminution of the means of payment, there will be a "compression of wants, or a curtailment of their satisfaction, according to a determinate order, differing from the previous one." This positive and negative expansion he calls the Empiric Scale of Positive and Negative Elasticity of wants, and he gives interesting examples taken from working men's budgets of the order in which demand for commodities expands.

But for our purpose it is irrelevant to note the many applications which have been made of this concept of an empiric subjective scale, or to criticise the many foreign elements which have often entered in the descriptions of these scales. Being a transitional step, from a naturalistic to an idealistic hypothesis, the

[21]"Natural Elements of Political Economy." Pub.: Longman, Brown & Green, London, 1855. Richard Jennings. (Note page reference.)

[22]Senior, "Political Economy." Charles Griffin & Co., London, 1872. Fol. p. 28.

[23]Pantaleoni, "Pure Economics," p. 58.

treatment of this concept has often suffered from the confused terminology and hazy definition of such mixed concepts. But it is important, in light of the development toward an idealistic conception, which we have been tracing, to point out two characteristics.

The subjective scale is regarded as empiric. It is a given order in the appearance of wants which in the course of experience becomes evident. It cannot be calculated and arranged, but is the ground for the calculation and arrangement of disponible goods and powers. One cannot say, "I arrange my desires and wants so that after the satisfaction of my physical demands for food, warmth and sleep, I am in a condition to satisfy my intellectual wants for books." It is simply a matter of fact, as much as the sequence of the seasons, that the satisfaction of physical wants in a certain order, and to a certain degree, are the necessary condition of the appearance in consciousness of the intellectual and spiritual wants. Only when the physical, or better, *vital* wants are in a measure satisfied can the intellectual and spiritual wants become imperative. When Pantaleoni speaks of the empiric scale of wants of the positive and negative elasticity of wants, he means wants in this aspect, as fixed in the individual scale in a characteristic sequence.

This leads us directly to note the second point. The arrangement of wants in a scale is individual. We may indeed examine numbers of "workingmen's budgets," arrange the results statistically, and calculate the sequence in the appearance of wants in the "average man." We may find, as Pantaleoni did, that wants for food expand through the various income classes as follows: "Salt, grain, vegetables, fruit, fine vegetables, meat, dairy-products, eggs, salt meat, fish, liquor, groceries, and tobacco," and that in reducing incomes commodities are economised, in the following order: meat, vegetables, groceries, sugar, coffee, liquor, tobacco, and salt. But although under certain wide limitations the order of wants may *not* vary for masses of men, considering the actual arrangement of the empiric scales, they do vary with every individual in the world. Their characteristic arrangement is what we call "personality." For our theory the "average man"

does not exist as the "economic man" does not exist. The scale of wants in every case is the index to the individual character. In case of absolute limitation of supply, most people may feel wants for the preservation of life more urgently than for the comforts or luxuries; and organic and physical desires may appear in time before social, intellectual and æsthetic ones. But such categories are tendencies, rather than laws; the convenient classification, not the "necessary postulate." The personalities that we call great, in general, have intellectual, social and spiritual wants higher in the scale than the desires for the comforts and luxuries of life. The "hero and the martyr" of John Stuart Mill, attribute a much higher value to an ideal than to the preservation of life. It is not even considered a heroic characteristic to find in many individual scales, the want for books, or music or art coming before most physical satisfactions. No one can read Knut Hamsen's terrible analyses of the experience of "Hunger" without realising that in the really creative and artistic temperament, pencil and paper, and not bread and butter may be the *sine qua non* of existence. The order and arrangement of the wants in the subjective empiric scale indicates the nature of the man. They make for "personality" and "individuality" as opposed to the mechanical collection of attributes which has so long been ticketed as the "economic man."

(2) *The Concept of Total Utility.*

In the foregoing paragraph we have made use of the phrases "appear first in time" and "higher in the scale" to indicate the place of a want in a determined order. The distinction in thought between these expressions gives us a clue to the distinction between the concept of an empiric scale of wants, and the fundamental concept of modern economic theory that of Total Utility. Looking at the scale empirically, wants are seen to emerge during the course of human life from the cloudy subconscious "threshold" into the clear light of conscious desire. From an infant's instinctive desire for food, to a man's individual preference for a beef-steak rather than a lamb-chop, lies a long continuous development from instinctive seeking to conscious

want. During any given time in the developing individual, wants for objects emerge in consciousness, and may be ranged according to their intensity; that is may be put before or after one another according as they are more or less intensely desired; or in the case of curtailment of satisfaction, in the order in which they would be foregone. This is again the point of view underlying Pantaleoni's Empiric Positive and Negative Scales, and may be called in general the concept of the Empiric Scale of Want.

But the concept of Total Utility, though it includes the contents of the Empiric Scale, is not limited to that concept. Our concept of our total utility not only includes the idea of the satisfaction of our presently felt wants, but goes beyond our presently felt wants, to include wants which at present may be submerged or in abeyance, and looks forward to wants which are at present but dimly felt, and even to conjectural wants, which we have never personally felt as urgent, but which we know we should feel, were our economic position more favorable. It takes into account the exercise of faculties, but partially developed, and the expansion of capacities which as yet may be only potential. Total Utility is our idea of well-being not as static persons bounded by an empiric scale, but as developable personalities with constantly new wants pushing the known diameter of experience farther into the, as yet, unknown world of possible economic phenomena.

Total Utility, in other words, is an ideal of self as a developed and completed person. It exists in the will and determines the direction of instinctive and semi-instinctive desire, before it becomes explicit in consciousness. However hazy and nebulous it is in the beginning of conscious life, it becomes concrete in that partial satisfaction of wants, and endless striving after the "next thing,"—which we call living. It is made known to us, moreover, by our observation of our own acts of choice and decision. Like the ethical ideal of virtue, and the æsthetic idea of beauty, it is always a step ahead of our actual accomplishment (in this case, our economic status) for it is always the actual accomplishment which elevates us to see the next turning; the

foot-hill which brings to view the nearer range. The Empiric Scale of wants, either of an individual or of a society measures the actual demand upon the world at any given time. The ideal of Total Utility of an individual, or the ideal of Total Social Utility of a community indicates the direction in which individual and social economic life will proceed. It is the reverse side of the biblical maxim "Where the heart is there is the treasure also."

The concept of Total Utility as the ideal of human well-being, is the basis of all purposive economic action, as the ethical ideal of virtue is of all purposive personal conduct. If the "economic man" had been moved to attain his greatest pleasure through the satisfaction of his known wants with the least exertion; if he had been determined to action through the more or less intense wants in his empiric scale, in the case of being unfavorably placed in the struggle for existence, it would have been "economic" for him to have secured his "greatest pleasure" through the dreams of an opium pipe thus maximising pleasurable sensation, and minimising painful exertion. But the really "economic man" moves to accomplish something beyond the range of his present demands upon life; he struggles to put himself in an economic position where faculties which he feels within himself, but hardly defines, may have fuller play. He seeks to rearrange external goods so that they may be more advantageous to his growing demands. He harnesses nature that it may do for him what he once had to do for himself by physical labour, and thus gives his higher faculties freer scope. He goes through long, tedious, laborious processes, that in the end, his relation to the world of limited supply may be more advantageous and afford the play of more faculties. Moreover, he educates his children that they may be as well equipped as possible in the struggle for existence, which means in the highest sense, the struggle for complete personality. It is the desire for the fullest self-expression, not the desire for pleasurable sensation which has built up industrial systems and subdued the physical world.

It is in the light of such an ideal of a completely developed human personality that we may apply the terms "higher" and "lower" to human wants. In the empiric scale they emerge

"before" and "after," as "more" or "less intense." It is only in view of an ideal which gives us a standard of judgment that we may attach to them value; and set them in order as "higher" and "lower," more or less desirable. It is no longer an empiric arrangement appearing as the characteristic of our human nature, but as the normative self in the character of a functioning agent, which judges, orders and arranges, as it applies a standard given immediately to the presented facts of supply.

It is the part of a free agent, therefore, not of a naturalistic creature determined in his action by an expected surplus of pleasure and pain which economises limited supply to cover the greatest quantum of demand, which induces abstinence from present consumption, that a more advantageous future condition may afford scope of action to more powers and faculties; and which plans the whole economic conquest over nature so that the man no longer terrorised by natural powers may master them, and thus realise himself more completely. The application of the Ideal of Total Utility to the presented economic phenomena, brings us to consider the next important concept found in analysing the subjective factor; the concept of Marginal Utility, and its relation to the economic judgment.

(3) *Marginal Utility and the Economic Judgment.*

The concept of Total Utility, as an ideal of well-being present in consciousness gives us a standard of value. In order to apply the standard of value to the world of measurable supply to determine its economic significance for us in practical life, we must have some *Measure of Value;* some unit which will rate the relative worth of an increment to a stock of goods; and place the increment or stock relative to our Total Utility. This measure of value Jevons demonstrated to be the Final or Marginal Utility. It is not the complete satisfaction of the more urgent want in the Empiric Scale, which determines the extent of the scale. Such an act would be in its way absolute, would have no reference to the satisfaction of other wants, hence could but determine their relative value in the total. It is the least urgent want satisfied, the last in a series of wants to receive considera-

tion that determines the relative importance of the rest. Again, it is not that increment of a stock of goods which yields the first or most intense satisfaction which determines the value of the stock, but the good whose use is first foregone in case of a curtailment of the extent of consumption. It is the Marginal Utility not the Primal Utility which measures Value.

The recognition of this marginal determining element in economic valuation was the "Copernican Revolution" in economic thinking that established once for all the subjective-objective nature of economic science. It also established the essentially ideal nature of the concept of Total Utility, the economic standard of value. We shall return to this point in our discussion of the nature of the economic judgment. But we must point out as preface to such a study certain characteristics of the marginal concept.

(i) *The Concept of the Marginal Want.*

There are two possible aspects under which we may study the concept of marginal utility: under the condition of unlimited and limited supply. Consideration of the first case of unlimited supply brings us to the concept of the determining factor of an act of valuation as the marginal want.[24] Suppose a scale of sub-

[24]This hypothesis may be diagrammatically expressed as Menger's "Bedürfnis Scala," which is the psychological ground for the "Grenznutzen-Gesetz" of the Austrian school. It rests on Gossen's laws of the decreased satisfaction of protracted enjoyment and of the hedonic maxima. It supposes wants to be capable of such arrangement that the most urgent want (I) may be satisfied with ten increments of supply, the next urgent (II) with nine, etc.

I	II	III	IV	V	VI	VII	VIII	IX	X
10									
9	9								
8	8	8							
7	7	7	7						
6	6	6	6	6					
5	5	5	5	5	5				
4	4	4	4	4	4	4			
3	3	3	3	3	3	3	3		
2	2	2	2	2	2	2	2	2	
1	1	1	1	1	1	1	1	1	1

jective wants such that the intensity of the satisfaction of each want decreases with the consumption of each increment of commodity which in this case is considered as unlimited. If want A is completely satisfied with ten increments of commodity, and want B with nine, want C with eight, etc., clearly there is a given point in the satisfaction of each want when it will yield a higher degree of satisfaction to cease consumption along the line (*A*) yielding an increasingly lower return in satisfaction, and to turn to the satisfaction of a want (*B*) yielding a relatively higher rate of satisfaction. That is, in the satisfaction of each one in the scale there is a point short of satiation, beyond which it is uneconomic to proceed, as increased consumption brings an increasingly small return relative to the Total Utility. The want which marks the boundary between the greatest available return in satisfaction, and the next greatest is the marginal want. Thus abstracted from limited supply, the value-determining factor lies in the nature of human wants, which are quantitatively satiable, and may in each separate case, be turned from desire to loathing by continuing to consume successive increments of the same good to the point of satiation and beyond; but which are qualitatively insatiable, there being no limit this side of death to the capacity for variety in economic experience. The marginal point in the satisfaction of any individual want, or the marginal want in our individual scales mark the points where economic or uneconomic conduct is registered. It fixes the value of each want in our scale, and measures for us our Total Utility.

(ii) *The Concept of the Marginal Good.*

Using the same concept of a scale of wants, but supposing a limited supply of goods, the last increment of goods consumed, or the least use to which an increment of goods may profitably be turned measures the value of the total available stock of such goods. It is the marginal good, and may be used as the objective measure of value for the stock. The classic examples of the Marginal Good may be multiplied without number.[25] Crusoe in

[25]These are examples used by Böhm-Bawerk in his exposition of the Theory of Marginal Utility, and by Smart in his "Introduction to the Theory of Marginal Utility."

his island with corn for food, fodder and seed for feeding his pet animals; the shipwrecked sailor with bread and water to be divided between himself, his comrade and his dog. In these cases the portion of corn, which in case of stress Crusoe withholds from the pet-animals, or the bread which, when rescue is deferred, the sailor refuses to share with his dog; in other words, the least urgent use to which an increment of a limited stock of commodity may be put, measures the value of the whole. It is the marginal good.

It is to be noted that these two elements in the concept of marginal utility: the marginal want and the marginal good, are always perceived together but their relation is functional, not causal. The marginal want does not cause the marginal good, or vice versa. The marginal line is drawn where these two coincide. It is almost tautological to assert that the least valuable increment in the supply of goods supplies the least urgent demand in a scale of wants. It is but another expression of the subjective-objective nature of economic concepts.

In the brief survey of the marginal concept, we have made no attempt to analyse it, or indicate its manifold application to all branches of economic thinking. The marginal, and its supplementary concept, the differential are the tools which modern economists use in dealing with all problems in connection with interest, rent, wages, and indeed with all branches of economic phenomena. The enumeration of the uses to which these concepts have been put since the days of Ricardo would fill volumes. But our chief interest lies in noting the ideal nature of the marginal concept, and its relation to the Total Utility concept, or standard of value. To estimate clearly the relation between the two, we must examine the nature of the valuing faculty; the faculty that applies the standard to the concrete good, that determines the relative weight of the want in the scale, in other words, economic judgment.

(iii) *The Economic Judgment.*

In our account of the concept of Total and Marginal Utility, we have assembled the factors present in every act of valuation.

We have immediately given in consciousness an ideal of ourself as satisfied or completed; from the circumstance of limited supply we have the presence of the marginal good in functional relation with the marginal want. It now remains to investigate the nature of the act of valuation itself. It is obviously not a simple act in view of the number of factors which must be taken into account; and therefore lends itself to no simple expression. If the act of valuation were accompanied by a running comment from the introspecting self, it would amount to something like this. "With regard to my concept of total well-being, and in the face of limited supply, I value A higher than B as making for a more complete realisation of myself as satisfied; that is, I choose A rather than B." The so-called economic judgment of value is not a judgment in the intellectual sense, it is an *act of will.*[26] It can only exist wherever there is a subjective scale of human wants, and successive degrees in the intensity of desire of each want. It can, again, only exist where there is a stock of goods, with separable increments. A desire however intense, existing alone (if such can be imagined) and the presence of one good capable of completely satisfying that desire, would give rise to the phenomena of demand and supply, consumption, satisfaction, but never to value. The circumstances of value must be the presence of various increments of supply, relative to various human wants. I must choose A, or B relative to my desire A′ or B′. The economic judgment, therefore, is a volitional judgment. It is a choice between the marginal utility, and the utility regarded as next in importance. The dialectic of the economic judgment must therefore be a dialectic of choice.[27]

[26]No account has been taken in this paper of the recent logical and psychological studies in the theory of value by certain Austrian and German scholars, one of the most important phases of whose work has been an enquiry into the nature of the economic judgment. The reason for this omission is the fact that the development in ethical and economic theory traced in this essay has been restricted to the English schools.

[27]I am indebted for this expression to a suggestion of Mr. Bernard Bosanquet in an article in "Mind," new series, Vol. XII, on "Hedonism among Idealists." In discussing the possibility of a hedonic computation

Looking at other forms of judgment for a moment to bring out more clearly the distinguishing characteristics of the economic judgment, we find that though the general type is similar, *i. e.,* the application of a standard or criterion to a given phenomena, by means of a unifying act of will, the circumstances are characteristically different. In the intellectual judgment, or judgment of truth, as for instance when I judge "This is a book," I judge the object presented in experience to correspond to my idea of it. The self is active, in that it unifies in a single act the object and the idea. The standard of truth, consistency or coherency, exists in consciousness, and when I judge "something is," I am, as a functioning self, unifying appearance with reality.

This intellectual standard of truth as consistency, we must postulate to be the intellectual standard of all rational beings. Were it otherwise, there would be no possibility of communication. One man's "fish" might not only be another man's "poison," but his "yes" might be another's "no," "perhaps" or "tomorrow." The ethical judgment of right is not only less universal, and more individual than the intellectual judgment of truth, but it is more concrete and full of content. "In the light of my ideal of myself as infinitely perfectable or realisable, I judge this action to be right or wrong." This is an ethical judgment of worth, in which the ideal of the self as realised, or virtue, is applied to a concrete personal action to determine its ethical value. The criterion in this case is harmony with the ideal.

Thus the ethical judgment deals directly with concrete personal *activity,* brought into relation with an ideal of conduct, which to the degree in which it is unrealised in character, is superper-

of pleasure-pain he says: "The laws of the combination, though certainly not irrational, are not yet arithmetical. They are the laws of the *logic of desire,* by which its objects include, modify, and reinforce or supplant each other, and they deal in every case with the growth of an individual, concrete whole, perpetually modifying itself. . . . Our desires have a dialectic of their own." P. 218.

sonal or spiritual. The economic judgment takes the next step in concreteness, and brings the human personality in relation to the objective world of limited supply. "In the light of myself as satisfied, (my Total Utility,) I judge that A makes more effectively for my well being than B." More concisely put "I choose A for myself rather than B."

But from the organisation of society, and the complications of economic life, we make many so-called economic judgments which never directly affect our one subject scales of wants; though we make such judgments with regard to our subjective scales. That is; in making our world comprehensible, and in ordering the economic chaos about us, we are obliged to fit many objects into a scale of commodities, which we are never able to command for our own consumption. The man with a salary of a thousand a year is never called upon actually to choose between a steam yacht and a four-in-hand coach. Nevertheless the steam yacht and the four-in-hand coach have their places in a scale of commodities which he arranges to fit the demands of his nature; though they may never approach the marginal point of disponible goods, and so never become objects of choice. The judging process is the same whether we make a real or hypothetical choice. It is only a question of extent of control over goods, whether I say, "I choose the new book rather than the theatre ticket," which means I place the book higher in the scale of disponible goods, as ministering immediately to a higher or more urgent want, or "I choose the steam yacht rather than the four-in-hand coach." In every self-conscious person, the range of tabulated desire extends far beyond the range of disponible goods. Even with those persons whose actual incomes more than cover their personal outlay, the millionaires and the plutocrat, the economic nature of their judgments of worth does not change. The category of "disponible goods" in such cases increases with the free development of variety in wants to include heightened personal power, artistic or creative or organising ability, influence, prestige, political power, control over men, disinterested benevolence, etc.

Then again we make many economic judgments not directly with respect to our own Total Utility, but with regard to society as a whole. The process is again the same, only the ideal of well-being, which we apply as a criterion of economic value is the well-being of society as a whole, or Total Social Utility. In the light of such an ideal we should choose A rather than B, or place A higher than B in a scale of Social Utilities.

Briefly to recapitulate the points thus indicated: In the complicated operation making up the so-called economic judgment of value there is present in our consciousness (*a*) our ideal of Total Economic Utility, or our concept of ourselves as satisfied and completed, which concept is analytically resolvable into a subjective scale of wants in order of urgency, or the Empiric Scale, and as an ordered scale ascending to better and worse which we may call an Ideal Scale. There is given in experience (*b*) the presence of alternate goods, only those which affect our choice however are the goods about the margin: that is, the goods coming within the range of our possible disposition. The subjective and objective elements are united (*c*) by the active functioning of the will in an act of choice.

Variants in the Economic Judgment.

The immediate nature of the ethical judgment carries with it a certain element of apodictic certainty. The ideal of virtue present in our consciousness is immediately applied in judgments of conduct, and we feel harmony and discord the more acutely as our ideal is revealed to us; in common parlance, as our "conscience is sensitive." The very nature of the economic judgment gives more scope for variation. Of the twofold nature of economic phenomenon, one element is harnessed to the world of fact from the circumstance of limited supply, the other is often at the mercy of the vagaries of human passion and caprice.

One important variable in the factors determining the economic judgment is the varying strength of human desire. A sudden strength of desire may move the will to make a choice not for the total well-being. Economic judgments may be made

from passion and caprice, so that commodities rated as relatively low in our scale of commodities are elevated to an abnormal height. The common experience in such expressions as "We bought it because we wanted it, though we really knew better," trivial as it may seem, indicates a type of economic judgment that is well known in the industrial world. This arbitrary action of the will is really the basis of the industrial phenomena of Fashion,—Price. Caprice and ingenuity fix upon one "style" after another, elevate it to the rank of "fashion," invest it with an artificial value for a season, and then drop it for the next *dernier cri*. Irrational as it may seem the irregularity of this variable element may be calculated, and indeed must be calculated in organising the industrial market; otherwise the button-makers would go bankrupt when buttons went "out of style," and ribbon-makers starve, when feathers became fashionable! The producers of "fashion goods" count upon caprice, and the universal tendency to imitate which makes the majority of people hasten to acquire for themselves what they consider for the time "good form," and can estimate approximately how long these temporary inflations of value will last.

Another source of variability in the economic judgment is intellectual error. A is not what we conceive it to be; it is in reality B, C, or D. The will may act on a false judgment of fact. Such errors arise from inexperience, inadequate knowledge or a defective judgment as to the nature of goods, and their capacity for satisfying desire. The misapplication of riches to still the demands of personality for self-expression which are seen in every capitalistic society, are examples of this form of error in economic judgment. The hollowness which the roué finds in the world after misapplying all the goods of the earth, is but another form of the dissatisfaction which the parvenu finds in his tapestried drawing-room which fails to supply the comfort of the old "back-parlour." They have both wrongly estimated the place of certain goods in the scale of commodities, and endeavoured to supply want A with good D, with the usual effect of a round peg in a square hole.

But the most usual source of error is an undeveloped consciousness of the ideal of well-being or Total Utility, which comes from lack of reflection and analysis as to the trend of economic acts and judgments of value. Many judgments are made in daily life without any clear recognition of the end which they are to serve. In the instinctive and habitual actions which form the greater part of living, we tend to express ourselves; and we find in the analysis of those actions light as to our essential natures; they supply the concrete content of the ideal. The hour of reckoning which follows the moment of error, passion or folly, often makes us conscious of the half-light in which we are content to live, and we excuse our deeds and half deliberate choice by saying "We did not at the time realise what was our own good."

III. *The Distinction between the concepts of IDEAL or TOTAL, as they appear in the ethical and economic Judgment.*

In bringing out the essential forms of the economic judgment, we found it necessary to compare it with the ethical judgment of worth. A word must be said as to the characteristic differences in the ethical and economic ideal, as the standard or criterion for the respective judgments. Both are ideals of ourselves implanted in the will and gathering content from the experience of life. They must be sharply distinguished however if we are to have any canon of distinction in separating ethical and economical phenomena, and ethical and economic fields of activity.

The ethical total or ideal of self is always regarded as infinite in its capacity for development and in its perfectability, though necessarily finite in its manifestations in character. We make ethical judgments with respect to an infinite factor in ourselves, a capacity for developing new wants, activities and powers, and qualitatively intensifying our present attributes. "Circumstance" we regard as the confining, limiting and determining

element. Were the circumstances favorable, we feel infinite possibilities within ourselves, and the human race for development. Whether we call this "immortality of the soul," or "genius," it is the conviction of every reflecting person, that there are capacities within him that never have been, and under the circumstances of human life never can be adequately realised. Thus, an action is not only right when it is in harmony with one present known ideal, but it must not shut the door to future progress; it must not prevent the natural development of new powers and capacities. To deny education to people, is not only wrong in that it denies the satisfaction of the legitimate desire for knowledge, but because it debars them from becoming the quality or type of persons which with the development of their potential capacities they might otherwise have become.

In the light of this infinite element in the ethical ideal, the ethical field of activity is coincident with the whole field of human action, whether such activity deals with matters of fact, which may be weighed and measured or with matters of spirit, which may only be valued by spiritual standards. When we act from a regard of ourselves as capable of infinite development and perfection, we are acting ethically and judgments concerning such actions are ethical judgments.

But in daily life many actions are performed and many judgments are made which bear no immediate reference to such an ethical ideal. They may always be *made* to bear reference to it, by pushing the judging criterion back one step to include cosmic relations. But in the ordinary judgments of valuation which make the warp and woof of practical domestic and business life, the ideal of self which we apply as criterion of judgment is the economic ideal of Total Utility. It is the idea of the self as satisfied, such a state being regarded as actually realisable; the condition of the actuality of such a state of satisfaction being the command over certain scarcity goods. In all the human processes which we call economy, whether it be domestic or social; of purse or of person; when we endeavour to fit together the fragments that we have, and eke out the balance with such sub-

stitutes as we may invent; when we stretch the supply we control to cover to the greatest extent our demand upon life, we always proceed from the ground that could we control enough we could realise our Total Utility. Failure to realise such an ideal is always regarded as a circumstance of goods, not a characteristic of our economic ideal. It is true there is limited supply, but could we control a certain portion of it we should "never want anything more." It is only when we judge ethically that we can say with Jevons that every "satisfaction of a lower want in the scale permits a higher one to manifest itself." The economic total is the self regarded as finite and realisable; the economic judgment applies this concrete standard to the phenomena of limited supply to determine a practical scale of commodities; to value the goods of the world.

The economic field of activity then, covers all action which relates a subjective scale of wants to the world of limited goods. It is limited and finite, and presents endless alternations for choice. We judge A over against B when they are not equally disponible; we choose A rather than B when we cannot have both.

Thus the ethical and economic ideals, as we pointed out in the introductory chapter, cannot be regarded as separate or antithetical. The relation between them is organic, in as much as they are both interpretations of the end of life which all human beings seek to realise. In each individual case they picture the end which the human being more or less consciously acts to realise. They may be abstracted from one another for the sake of analysis; but they may never be really separated any more than the organs of the body, which though individual cannot live except in organic connection with the whole. The distinction really lies in the point of view of the judging self. When we regard the self in its cosmic relations, as an entity with infinitely realisable and perfectable attributes, and apply such an ideal to conduct, thus submitting the facts of life to a spiritual criterion, we are making ethical judgments and are applying the ethical ideal. We are dealing with that aspect of the self which we immediately postulate to be infinite and spiritual. When,

however, we regard the self, not in its eternal or cosmical relations, but in its finite and temporal relations, as being capable of complete realisation and satisfaction, given disposition over an adequate supply of economic goods; and apply *such* a criterion to the world of limited supply in order to attain the greatest possible Total Utility, we are making economic judgments, and dealing with the economic ideal. This aspect of the self we call finite, human and realisable. The canon of distinction which may be used to differentiate ethical and economic phenomena; and ethical and economic fields of investigation and activity, is the determination whether in a given judgment the criterion applied from an infinite and spiritual, or a finite and temporal concept of the self. Thus the ethical ideal may be applied to every aspect of life provided in each act the self is recognised as an infinite factor, spiritually related to the cosmos. Every economic judgment may be an ethical one if the choice of economic goods, or the hypothetical placing of goods in a scale of commodities is related for its effect on the "immortal soul." But the converse is not true, that every ethical judgment may also be an economic one. Economic judgments are strictly conditioned by the fact of limitation in the objective finite world of supply. To economise is to make the stock in hand cover the greatest extent of demand. Ethical judgments are often made with no relation to goods or limited supply, and have to do with the self criticising or ordering its own actions, or its actions with other persons, regarded as Spiritual entities.

Thus the "economic man" is not the naturalistic machine, working automatically by the motive power of passion and greed, that has been so long the bogie of economists, but an idealistic and rational being whose ethical and economic conceptions of the end of life are not "harmonious" or "parallel" but visions of himself expressed in infinite and spiritual or in finite and temporal relations.

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